



2018-19

ANNUAL REPORT

MAKANA LOCAL MUNICIPALITY

Second Draft: September 2019

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REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

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- Year -1: The previous financial year;
 - Year 0: The financial year of reporting;
 - Year 1: The following year, mostly requires future targets; and
 - The other financial years will follow a similar sequence as explained above.
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We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

MAYOR’S FOREWORD

Vision

Over the years, Makana Municipality has been faced with a series of crises despite continued provincial and national support. These crises have resulted among other things but not limited to:

- Poor provision of basic services including water, sanitation, waste management and potholes.
 - Low revenue collection and poor expenditure management.
 - Weak institutional arrangements and lack of internal controls.
 - Adversarial relations with local stakeholders who called for the dissolution of municipal council.
- With the reshuffling of political leadership and the appointment of permanent senior managers, the municipality has embark on a renewal trajectory to become a great place to be as articulated in its logo. To achieve its objectives the municipality has adopted the following strategic objectives:
- Improving basic service delivery
 - Reconnecting with local communities
 - Ensuring sustainable financial sustainability through revenue enhancement
 - Improving institutional business process through organisational restructuring.
 - Good governance and effective oversight

Key Policy Development

The Eastern Cape Provincial Development Plan envisages a “capable provincial and local government built of sustainable development partnership, enhanced internal efficiencies and coordinated programme driven intergovernmental action” In alignment to this vision, Makana Municipality has adopted six strategic priorities in its Integrated Development Priorities (IDP) namely:

- Basic Service and Infrastructural Development
- Local Economic Development
- Municipal Financial Viability and Management
- Governance and Public Participation
- Municipal Transformation and Organisational Development

These will be elaborated later in the Annual Report.

Key Service Delivery Improvements

In an endeavour to address these challenges. The Makana Municipality leadership has embarked on a number of strategies including the following:

- To improve internal operations, the municipality with the support of National Cogta has embarked on organisational structural review. This will be followed with cascading down the performance management systems to the lower structures.
- Through a partnership with Kagiso Trust, the municipality has embarked on Revenue Enhancement and improved expenditure management.

- All senior management positions have been filled with the exception of Director: Infrastructure Services, which will be filled shortly.
- Improving basic service delivery through enhanced asset management and effective administration.
- Striving for an unqualified audit opinion through Supply Chain Management and improved internal controls.

Public Participation

Despite the service delivery challenges mentioned above, Local stakeholders have shown commitment to work with the current municipal leadership to turn around the municipality. Several local stakeholders have met twice. First, facilitated by Kagiso Trust and secondly by Rhodes University. In both indabas local stakeholders expressed the need to unite and work with the municipality to improve the fortunes of the municipality. Communication with local communities have been identified as key to improve relations. Mobisam has been adopted wherein residents can report a service delivery problems and get immediate feedback.

Future Actions

In partnership with Department of Labour, the municipality has rolled out a number of internship and learnership programmes. A total of 16 500 young persons from Makana stand to benefit from these programmes. In addition together with the Department of Energy the municipality will roll out 6000 Solar Water Heaters (geysers) in Makana. Critical to the future socio economic development of Makana is a critical need to upgrade the two sewer treatment plants that are over capacited.

Agreements

The municipality intends to partner with a city in China, Governor of Zhejiang Province.

Conclusion

The municipal leadership is committed to improving financial situation through revenue enhancement strategies. Also the municipality intends to improve its relationship with local communities while improving the service delivery. This Annual Report details the planned activities, achievements during the year under review.

I would like to thank members of the Mayoral Committee who assisted me during this period. I would to also thank the municipal officials for their commitment and dedication.

EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

MUNICIPAL OVERVIEW

Makana Local Municipality (Makana) is a category B Municipality approximately halfway between East London and Port Elizabeth that forms part of the seven local municipalities of the Sarah Baartman (formerly Cacadu) District Municipality in the Eastern Cape Province.

Makana's area is bordered in the north-east by Amathole District Municipality with the cities of Port Elizabeth 120km to the west and East London 180 km to east, north-west by Blue Crane Route Local Municipality, in the south by Ndlambe Local Municipality and in the south-west by the Sundays River Valley Local Municipality. In 2011 the Municipality was delimited into fourteen wards.

Makana Municipality's commitment to developing a **"Great Place to be"** is driven with specific emphasis of translating the Municipality's strategies into an Implementable Action Plan. The Municipality will be committed in ensuring that, its revised **Developmental Priorities** in the IDP 2017-22 are achieved.

The Makana Municipal area is a Category B Local Municipality and falls within the Sarah Baartman District Municipality in the Eastern Cape Province.

The Municipality's area is bordered on the North-east by Amathole District Municipality, North-west by Blue Crane Route, the South by Ndlambe Municipalities and the South-west by Sunday's River Valley.

Based on the Stats SA Census 2016 customer survey, the population figure was 82 060 and based on Quantec Standardised Regional (2018) population has grown to 91 471 which is 1.17% growth per annum. In 2011 Makana was delimited into fourteen wards, as depicted in Map. 3 and the municipal area cover an area of 4375.62km² the largest concentration of people is found in Makhanda (formerly known as Grahamstown). Makana Local Municipality constitutes 7.5% of the Sarah Baartman District Municipality.

It consists of the following Key indicator and characteristics:

• Electoral Wards :	14
• Makhanda Population:	67 263 (83.7 %)
• Rural Nodes Population:	4 626 (5.7 %)
• Rural Population:	8 501 (10.6 %)
• Population Growth:	1.17 % per annum
• Highest Sector GDP Contributors :	General Government, Trade, Finance and Business Services
• Makhanda Average Monthly Household Income: R 11 572	
• SBDM Average Monthly Household Income :	R 9 508

Location	Population	Households	Average household size	Area (km ²)	Population density	Households density
Eastern Cape	6 499 179	1 653 775	3.93	168 965	38.46	9.79
SBDM	471 366	131 454	3.59	58 243	8.09	2.26
Makana	91 471	23 918	3.82	4 375.62	20.90	5.47

Source: Quantec Standardised Regional (2018)

POPULATION DISTRIBUTION

YEAR	0-14	15-34	35-64	65+
2011	24.4	38.2	31.2	6.2
2016	26.8	39.4	24.4	9.4
2018	27.5%	37.3%	30.3%	4.9%

GENDER PROFILE

GENDER	2011	%	2016	%
Male	38 175	47.5	39 218	47.8
Female	42 215	52.5	42 842	52.2

POPULATION GROUPS HOUSEHOLD PROFILE

	Makhanda West (CBD, Military Base, Kingswood, Belmont Valley)	Makhanda East (Rini, Fingo, King Flats, Phaphamani, Mayfield)
Population	14 718	52 545
Households	3 675	14 380
Household Size	4.0	3.7
Area (km ²)	10.29	11.12
Population Density (people / km ²)	1 430	4 725

2.2.2 POPULATION GROWTH

Source	Description	Makana LM	SBDM	Eastern Cape	Estimated Population 2028	Additional Population 2028	Additional Households 2028
Census 2001	Population	74 538	388 207	6 436	102 258	10 787	2 838
	Households			771			
	Households Size	18 155	102 736	1 535			
		4.1	3.8	948			
Census 2011	Population	80 390	450 584	6 562			
	Households			053			
	Households Size	21 388	1 25 633	1 687			
		3.8	3.6	383			
		3.8	3.6	3.9			
Quantec 2018 (UE)	Population	91 471	471 366	6 499			
	Households			179			
	Households Size	23 918	1 31 454	1 653			
				775			
		3.8	3.6	3.9			
Population increase 2001-2018		16 933	83 159	62 408			
Additional Households 2001- 2018		5 763	28 718	1 17 827			

Source	Description	Makana LM	SBDM	Eastern Cape	Estimated Population 2028	Additional Population 2028	Additional Households 2028
Growth 2001 -2018	Rate/ Annum	1.12	1.00	0.06			

1.3. SERVICE DELIVERY OVERVIEW

Powers and Functions:

No.	POWERS AND FUNCTION	No.	POWERS AND FUNCTION
1.	Child care facilities	18.	Local amenities
2.	Firefighting DM function	19.	Municipal parks and recreation
3.	Municipal airports	20.	Municipal Roads
4.	Municipal Health services	21.	Noise pollution
5.	Trading regulations	22.	Pound
6.	Sanitation	23.	Public places
7.	Building regulations	24.	Refuse removal, refuse dumps and solid waste disposal
8.	Electricity reticulation	25.	Control of undertakings that sell liquor to the public
9.	Local tourism	26.	Fencing and fences
10.	Municipal planning	27.	Street trading
11.	Municipal public transport	28.	Street lighting
12.	Stormwater	29.	Traffic and parking
13.	Water (potable)	30.	Control of public nuisance
14.	Cemeteries, funeral parlours and crematoria	31.	Licensing of dogs
15.	Billboards and the display of advertisements in public places	32.	Licensing and control of undertakings that sell food to the public
16.	Facilities for the accommodation, care and burial of animals	33.	Cleansing
17.	Local sport facilities	34.	Air Pollution

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Makana Municipality is established in terms of Section 12 of the Municipal Structures Act, 1998 (Act 118 of 1998) as a Municipality with a Mayoral Executive System combined with a Ward Participatory System. Section 2(b) of the Municipal Systems Act states that a Municipality is constituted by its Political Structures, Administration and Community

The Municipality is a Category B Municipality (local municipality) with an executive Mayoral Committee System combined with a Ward Participatory System, as defined under Chapter 1 of the Local Government: Municipal Structures Act No. 117 of 1998. The Political and Administrative seat is situated in Makhanda

POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Note: The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

Political structures include:

The Municipal Council which comprises 27 Councillors, 14 of whom are Ward Councillors and 13 of whom are Proportional Representation (PR) Councillors;

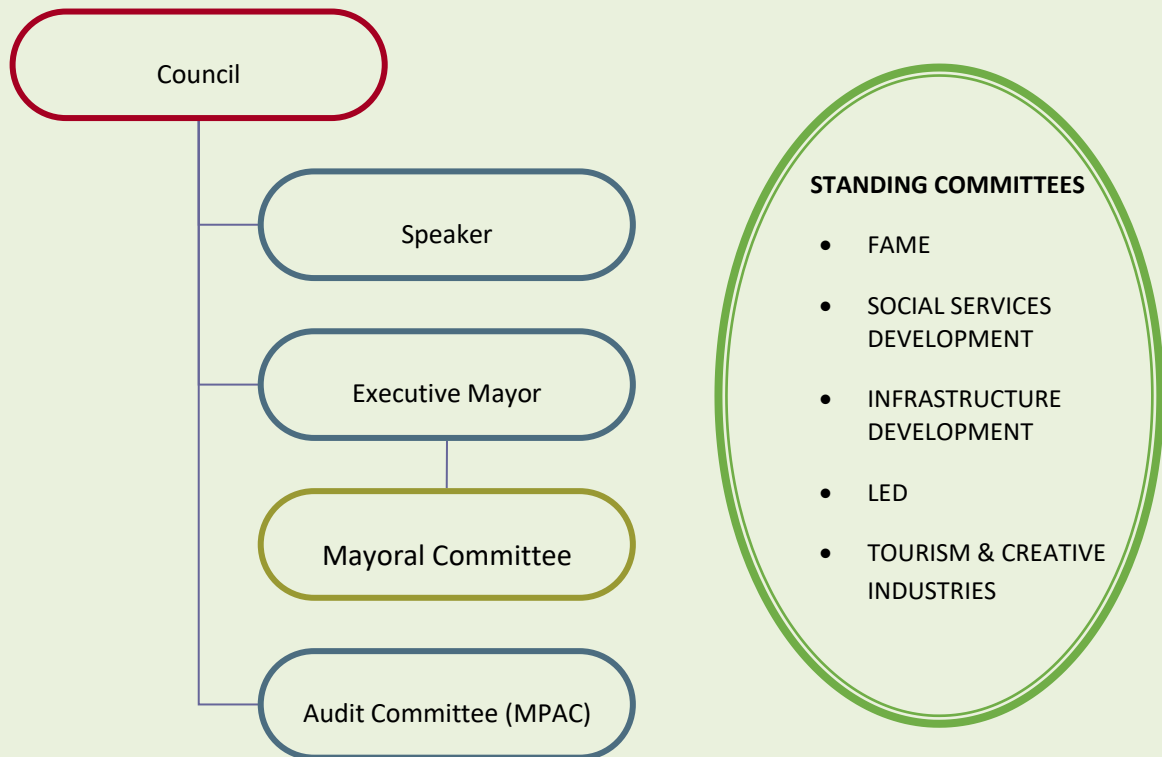
The Speaker is the Chairperson of the Municipal Council. There is an Executive Mayor and Executive Mayoral Committee; and Portfolio Committees who provide oversight on directorial operations.

Administration: is divided into 6 Directorates

These directorates are led by the Municipal Manager as the Accounting Officer- Budget & Treasury; Corporate & Shared Services; Engineering & Infrastructure; Local Economic Development; Municipal Manager's Office and Public Safety & Community Services.

The municipality annually undertakes a comprehensive organisational development exercise for the entire institution. Its objective is to align the current and future organisational needs

The Outline of Makana's Political Structure:



The municipality operates in an Executive Mayoral Committee System with an Executive Mayor and five Portfolio Committee Members as members of the Mayoral Committee. The Council plays an oversight role in terms of the delegations and the Mayor and Council provides political guidance over the financial matters of the Municipality.

There is a fully functional Audit Committee attached to the municipality that provides opinions and recommendations on financial processes and performance and provides comments to the Oversight Committee on the Annual Report.

The Municipal Public Accounts Committee is comprised of non-executive councillors, with the specific purpose of providing the Council with comments and recommendations on the Annual

Report. The Oversight Committee report will be published separately in accordance with MFMA guidance.

<i>Photos</i>	POLITICAL STRUCTURE	Function
	MAYOR (Mzukisi Mphahlwa)	
	SPEAKER (Yandiswa Vara)	
	CHIEF WHIP (Name)	
<i>Photos (optional)</i>	MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE	
	Public Safety & Social Services – Cllr. P. Matyhumza	
	Finance, Administration, Monitoring & Evaluation(FAME) - Cllr. N. Masoma	
	Budget & Treasury - Cllr. L. Nase	
	Infrastructure Development - Cllr. R. Xonxa	
	Local Economic Development - Cllr. M. Matyhumza	

COUNCILLORS

Makana Municipality consists of 27 Councillors of which 14 are Ward Councillors and 13 Proportional Councillors. Each ward has 10 Ward Committee Members with the exception of Ward 14(Rhodes University). The ward committee members work with Ward Councillors in informing the communities of municipal affairs such as progress on project implementation as well as receive public inputs on matter of general concern.

Each ward has a Community Development Worker who acts as an ex-officio in the Ward Committee. Ward Committees meet monthly and regular constituency meetings are held to keep communities informed.

An Audit and Risk Committee exists which serves for the period of three years. The current committee was appointed by Council in April 2018 to serve as from 01st May 2018 until 30th April 2021. Quarterly meetings are held in terms of the Makana Municipality's Audit and Risk Committee Charter approved by Council. Parties in attendance are the Municipal Manager, Chief Financial Officer, directors: Corporate & Shared Services, Local Economic Development, Public Safety & Community Services, Engineering &

infrastructure. Internal Auditor, IDP/ PMS Manager, Auditor General representative and MPAC Chairperson act as Ex-Officio. Makana has an in-house Intern Audit Unit presently with the staff component of 2 i.e. Internal Audit Manager and Intern. An Audit Action Plan is in place.

The municipality has a Risk Management Framework as well as a Risk Based Audit Plan though implementations still a challenge. A Strategic Risk Register has been developed and reports are generated quarterly on the implementation of corrective measures.

An intergovernmental Relations Forum exist under the guidance of the Executive Mayor. The purpose of the forum is to coordinate the planning of projects and the implementation of programmes emanating from the IDP processes.

2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager provide direction and support to all officials under his leadership. Committees exist in ensuring smooth operation both within the institution and the communities we serve, such committees as the Management Committee that constitutes of the Municipal Manager and his Directors as well as the Extended Management Committee which constitutes of the Municipal Manager, Directors and Operational Managers.

The municipal Manager holds Monthly meetings with these committees to discuss progress on project implementations as well as challenges and come up with a way forward.

- **Municipal Manager: Mr. Moppo Mene**
- Chief Financial Officer: **Mr Gerald Goliath**
- Director Corporate and Share Services: Mrs Nomthandazo Mazwayi
- Director Engineering and Infrastructure: Mr Daluxolo Malenzana
- Director Public Safety and Community Services: Mr Kellelo Makgoka
- Director Local Economic Development and Planning: Ms Mariana Meiring

2.3 INTERGOVERNMENTAL RELATIONS

The Honorable Mayor established an Inter-Governmental Relations Forum and the forum reviewed the local IGR Strategy, to ensure its efficient and effective functioning and also clarifying the aims & objectives, as well as the roles and responsibilities of the IGR and its various stakeholders. This structure also serves to co-ordinate the planning of projects and implementation of programmes stemming from the IDP process, Ward-based Plans, etc.

The meetings of the IGR Forum are chaired by the Mayor and convened on a quarterly basis with all local Government Departments being represented by Senior-Decision makers.

2.3.1 National Intergovernmental Structures

As an active member of the South African Local Government Association, the Makana Municipality plays an active role when National Planning Proposals are discussed.

2.3.2 Provincial Intergovernmental Structures

The Municipal Manager attends all meetings of the Provincial Muni-MEC and similar structures with all resolutions taken at that level being worked into the Makana Council agenda. The value in this interaction is in ensuring that the needs of the local community are considered when the implementation of Government Projects is discussed.

2.3.3 District Intergovernmental Structures

The Makana Municipality regularly interacts with the other Municipalities in the District as the Government has created platforms for such deliberations, such as the Sarah Baartman District Municipal Managers Forum. This ensures that information related to new initiatives in the District is effectively relayed to the Makana Municipality's senior management.

2.4 PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4.1 STAKEHOLDER INPUT AND COMMUNITY BASED PLANNING

The IDP is about determining the stakeholder and community needs and priorities which need to be addressed in order to contribute to the improvement of the quality of life of residents within the Municipal Area. Various stakeholders and sector departments were involved during the draft IDP development process and this process comprises 13 ward meetings and 1 IDP sector meeting.

The IDP public meetings are conducted to ensure that people are included in the planning and to assist the Municipality to achieve its long-term development objectives. It will also guide the ward in what it will do to take forward its own developmental programme with support from all role-players. The Municipality has developed 14 Ward Development Plans through public meetings that were held in all 14 wards between 1st September and 31 December 2015. The purpose of the Ward-based IDP meetings was for the ward priorities to be included in the new IDP for 2017 -22.

All wards have produced a ward development plan which informs the Municipality of the priorities of each ward.

Ward Development Plans include needs identification, and plans to address priorities, support needed from the Municipality and other stakeholders involved in the IDP process. The Municipality has also

partnered and conducted different engagements that have been introduced in the province such as Provincial District assessment, SBDM IDP Representative Forums and District IDP Managers Forum. The IDP Representative contributes in finding solutions by reaching agreements with sector departments on enhancing service by addressing community issues that are specific- sector related. IDP priorities have been derived from the priorities from the wards, as have many elements of the plans, as well as IDP projects.

2.4.2 COMMUNITY AND STAKEHOLDERS ENGAGEMENTS

An integrated stakeholder consultation was held for Intergovernmental Relation and IDP representative forum stakeholder was held on the 05 October 2018 to discussed IDP process plan and proposed amendment to Integrated Development Plan based on the IDP steering committee proposal.

2.4.3 SECTOR ENGAGEMENTS

In a bid to enhance the quality our public participation outcomes, we divided the Municipal Area (Community Circle in figure above) into 14 sectors and have commenced with individual sector engagements with registered stakeholders in each sector.

Sector engagements take the form of on-going two way dialogues between and amongst sector representatives and the Municipality and are proving to be very effective as they focus on issues as well as ways and means of resolving issues jointly. They also enable the Municipality to solicit more detailed inputs than it is possible to do in public meetings.

2.4.4 WARD PUBLIC MEETINGS

Community meeting are held per ward by Ward Councillors and their committees at least one quarter. Notices are distributed at least two days in advance in order for the communities to attend such meetings. The municipality also makes use of the local Radio and Newspaper to inform the public as well as Social Media e.g. WhatsApp groups and MobiSAM, This helps to get the message to the people on time so they can plan their question and make necessary arrangement to attend.

There were also IDP revision / budget process reviews meeting held in 2018-19 financial year. The first series of meetings were held in between October and November 2018, aimed at the review and re-prioritisation of development priorities through IDP Mayoral Imbizo Consultation.

2.4.4.1 IDP MAYORAL IMBIZO

Table: IDP Imbizo

AREAS	DATE	VENUE	TIME
WARD 13 Hope Fountain Farm	16/10/2018	Broughton Farm School	17H30
WARD 3 & 5 EXT 9 & 10	19/10/2018	Extension 9 Hall	17H30
WARD 10 Fingo & Tentyi	18/10/2018	B.B. Zondani Hall	17H30
WARD 7 Hlalani & Eluxolweni	22/10/2018	Foley's Ground (Multi- purpose Hall)	17H30
WARD 1 Fort Brown	24/11/2017	Fort Brown Community Hall	17H30

Second series of meetings were held in May 2019 aimed at presenting to communities the IDP/Budget Development priorities for 2019/2020. These meetings generally followed the tabling of draft IDP and Budget to Council. These session provide an opportunity for municipality to interact with the communities to get comments before making their final recommendation to Council.

Table: IDP/ BUDGET ROAD SHOWS:

WARD	VENUE	DATE	Time
1	Alfred Dike Kota Hall – Riebeek East	13.05.2019	10h00
3	Recreation Hall – Makhanda	13.05.2019	17h30
10	B.B. Zondani Hall - Makhanda	13.05.2019	17h30
1	Fort Brown Community Hall	14.05.2019	10h00
7 & 10	Tentyi Hall – Makhanda	14.05.2019	17h30
7	Foley's Grounds – Makhanda	14.05.2019	17h30
14	Seven Fountains Farm	15.05.2019	10h00
5	Extension 9 Community Hall - Makhanda	15.05.2019	17h30
2	Noluthando Hall	15.05.2019	17h30
14	Town Hall – Alicedale	16.05.2019	10h00
5 & 6	Indoor Centre	16.05.2019	17h30
6	Dlukulu Clinic – Makhanda	16.05.2019	17h30

13	Vukani Location: Rev. Lolwana Open Space	20.05.2019	17h30
13	Salem Farm	21.05.2019	10h00
11	N.G. Dlukulu Clinic	21.05.2019	17h30

2.4.5 IDP REPRESENTATIVE FORUM

Municipal Council approved the establishment of an IDP Representative Forum in terms of Section 15 of the Municipal Planning and Performance Management Regulations. The IDP Representative Forum comprises the following:

- Ward Committee Representatives from each Ward;
- Representative from the Sarah Baartman District Municipality;
- The Executive Mayor, Speaker, Portfolio Chairpersons,
- All Senior Managers
- Sector Representatives
- CDWs

Two series of IDP Representative Forums were convened, first ones in August 2017 presented to stakeholders with process plan to review IDP and Budget. Second IDP forum was held in 29th May 2018 to present Draft IDP to allow stakeholder an opportunity to comment on the Draft IDP Revision, Budget.

2.5 CORPORATE GOVERNANCE

2.5.1 AUDIT AND RISK COMMITTEE

During the year, the three year term of the previous committee ended on the 31 December 2017. As a result a new four member Audit and Risk Committee was appointed by Council in April 2018 effective from the 01 May 2018 – 30 April 2021. The committee holds its quarterly meetings and performs its function in terms of the Makana Municipality Audit and Risk Committee Charter approved by Council and PMS Framework which are reviewed annually before the start of each financial year.

Other parties in attendance are:

Makana Municipality : The Municipal Manager, Director of Budget & Treasury, Chief Financial officer , Director of LED, Director Technical & Engineering Services, Director of Corporate Services and Director Public Safety and Community Services. Internal Auditor and Auditor-General representative, IDP/PMS Manager and the MPAC Chairperson as an ex-officio.

2.5.2 INTERNAL AUDIT UNIT

The Municipality has an in-house Internal Audit Unit in place that is in the office of the Municipal Manager, headed by an Internal Audit Manager. The staff component consists of Internal Audit Manager, Senior Internal Auditor and a National Treasury Intern appointed on the 05 February 2018. Risk based and statutory audits as required by section 165 of the Municipal Finance Management Act are performed each year including Ad – Hoc requests from time to time.

2.5.3 RISK MANAGEMENT

Risk management: A risk management framework is in existence and there is a risk based audit plan but the implementation remains a challenge. In addition, the risk based audit plan needs to be reviewed and updated in light of the current challenges at the municipality. Risk management is not fully embedded in the culture and internal control processes of the municipality. Strategic risk register has been developed and reports produced on the implementation of corrective action quarterly.

TABLE 61: SUMMARY OF STRATEGIC INSTITUTIONAL RISKS

RISK CATEGORY	DESCRIPTION
No financial sustainability (not a going concern)	1. Low collection rate. 2. Incorrect billing. 3. Non-payment and poor debt account management. 4. Unfunded budget. 5. Not cash backed. 6. Poor relations with service provider. 7. Poor relations with residents. 8. Poor governance leading to non-payment. 9. High payroll costs. 10. Poor implementation of revenue management strategy. 11. Inaccuracy of the indigent register.
Inadequate and ageing water infrastructure including plants	1. Ageing infrastructure. 2. Lack of preventative and scheduled maintenance of existing water reticulation system. 3. Poor implementation of maintenance plans. 4. Inadequate funding for maintenance. 5. No regular maintenance of bulk water treatment plants. 6. Non implementation of WSDP. 7. Poor spending on conditional grants. 8. Vandalism of the infrastructure. 8. Inadequate funding to replace ageing infrastructure. 9. Delays in procurement process.

Ageing road and Stormwater infrastructure	1. Lack of maintenance, no maintenance plans. 2. Insufficient funds. 3. Lack of resources such as plant and equipment. 4. Low staff morale. 5. Inadequate maintenance of storm water infrastructure. 6. No capital budget allocation. Lack of skills. Increased traffic volumes.
Unstable and poor reliability of supply of electricity	1. No maintenance plans. 2. Ageing infrastructure. 3. Lack of funding for maintenance. 4. Vandalism/Theft. 5. Non-compliance on calibrations of testing equipment. 6. Non-existence on mandatory trainings. 7. Delays in SCM processes for emergency situations.
Solid waste management	1. Lack of protective wear. 2. Inadequate vehicles for refuse collection. 3. Management and maintenance of the municipal tip. 4. Illegal dumping by the communities. 5. Refuse bags not availed. Staff shortages.
Performance targets not fully achieved	1. Setting of unrealistic targets. 2. Poor planning. 3. Poor management of leave 4. Low staff morale. 6. Shortage of skills/expertise in some areas of responsibility. 7. PMS not cascaded down to other levels of management. 2. Non alignment of budget to the IDP and SDBIP. Lack of urgency. Unfunded budget. Management responsibility to motivate their staff. Lack of consequence management. The IDP and SDBIP not prioritised. Too many crises occurring. Quarterly reviews not performed.
None-compliance with laws and statutory regulations	1. Lack of understanding of relevant legislations. 2. Poor compliance management and oversight. 3. Lack of implementation of MFMA calendar. 4. Lack of consequence management. Lack of institutionalised process of managing compliance.
Business continuity compromised	1. Delays in the Procurement processes of the electronic systems. 2. Lack of Prioritisation of e-governance. 3. Lack of ICT Governance. (Capacity (Financial/Human) constraints. 4. Lack of business security. 5. Logs are not reviewed regularly. 6. Segregation of duties. Poor ICT infrastructure). 7. Inadequate records management (Poor archiving, lack of disaster recovery plan for records, limited fire proof storage space for personal records, no building plans storage in place, poor financial record keeping. 8. There is not enough storage space). 9. No backups connected.
Poor contract management	1. Poor planning. 2. Poor management of SMME expectations. 3. Fraudulent activities. 4. Lack of urgency. 5. Projects not properly quantified. 6. Milestones not achieved. 7. Noncompliance with Basic Conditions of Employment Act (employment contracts)
Poor planning of infrastructure development	1. Population growth. 2. Lack of Master Plans. 3. Lack of funding. 4. No updated SDF.

Sewer spillages and inadequate waste water treatment plants	1. Inadequate capacity of the sewer system. 2. Ageing infrastructure. 3. Insufficient qualified staff. 4. Low staff morale. Inadequate maintenance. 5. No maintenance plans (for the reticulation system and plants) 6. Vandalism of plants. 7. No maintenance budget. 8. Staff shortages in critical positions. 9. Illegal settlements. 10. Use of bucket system in informal areas.
Ineffective disaster management (natural disasters)	1. No Fire Disaster Plans. 2. Not enough vehicles. Capacity constraints. Lack of experience. Limited fire proof storage space. No capital budget. Poor financial budget. Disaster management is a district function.

2.5.4 PUBLIC SATISFACTION CUSTOMER SURVEY 2016

Services	Good (%)	Average (%)	Poor (%)	No access (%)	Do not use (%)	Total population
Electricity supply	69	22	7	1	1	100%
Refuse removal	65	24	10	1	0	100%
Local hospital	65	20	6	3	7	100%
Local public school	60	19	10	4	7	100%
Local public clinic	59	20	15	2	5	100%
Sanitation services	58	17	21	3	1	100%
Local police service	42	22	27	2	7	100%
Government subsidized dwelling (RDP)	12	11	14	0	64	100%

Source Statistic SA Customer survey 2016

2.6 INFORMATION COMMUNICATION AND TECHNOLOGY

Makana Municipality's ICT Environment supports about 150 users. The municipality has the following offices namely:

I.	Corporate Services	Admin/ HR	City Hall/ High Street
II.	Financial Viability	Finance Building	High Street
III.	Infrastructure Services	Engineering Building	High Street
IV.	Alicedale Office		
V.	Riebeeck East Office		
VI.	Electricity		
VII.	Asset Management	Stores	Breitenbach Road
VIII.	Land and Estate	Housing	Sonny Street/ Joza
IX.	Parks Recreational	Parks	
X.	Traffic Services		Knight Street
XI.	Fire Services		Knight Street
XII.	Cleansing		Knight Street
XIII.	Environmental Services		
XIV.	Internal Audit		
XV.	Strategic Planning & Monitoring		
XVI.	Local Economic Development		High Street
XVII.	Legal		City Hall/ High Street
XVIII.	Records Management		City Hall/ High Street

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (ORGANISANAL PERFORMANCE)

3.1 INTRODUCTION

Makana is both a Water Service Authority and Provider and is responsible in providing other local government services such as municipal roads, storm water management, electricity and waste management (collection/ disposal) among others.

The municipality receives an equitable share from government in terms of the Division of Revenue Act(Dora) for the provision of Free Basic Services to households who cannot afford to pay for services. According to National Policy on Free Basic Services: poor households should receive 50kWh of electricity and 6kl of water, free sanitation services and free weekly refuse collection. Makana currently has a total of 6 085 households in the Indigence Register who receive support from the municipality on monthly basis. The Service delivery departments include Water and Sanitation, Electricity, Community Services and Local Economic development facilitation and Support

Table: Access to basic Services

Household Services	2011		2016	
	Number	Percent	Number	Percent
Access to housing:				
Formal	18 269	85.4	20 589	90.7
Traditional	780	3.6	1 046	4.6
Informal	2 153	10.1	934	4.1
Other	186	0.9	132	0.6
Access to water:				
Access to piped water	20 854	95.8	21 431	94.4
No Access to piped water	924	4.2	1 269	5.6
Access to sanitation:				
Flush toilet	16 283	76.2	19 382	85.4
Chemical	28	0.1	50	0.2
Pit toilet	3 439	16.1	2 110	9.3
Bucket	774	3.6	264	1.2
None	854	4.0	480	2.1
Energy for lighting:				
Electricity	19 505	89.7	21 934	97.0
Other	2 238	10.3	688	3.0

Energy for cooking				
Electricity	17 589	80.9	20 594	90.9
Other	4 154	19.1	2 059	9.1
Access to refuse removal:				
Removed by local authority at least once a week	19 371	89.0	20 444	90.1
Removed by local authority less often	157	0.7	223	1.0
Communal refuse dump	184	0.8	888	3.9
Own refuse dump	1 453	6.7	528	2.3
No rubbish disposal	331	1.5	347	1.5

Table: Free Basic Services

SERVICE	FREE SERVICE	NUMBER INDIGENTS
Free basic service: Electricity(FBE) Makana area	50units/Kwh per H/H	1107H/H per month,
Free basic service: Electricity(FBE) ESKOM area	50units/Kwh per H/H	5484H/H per month,50units/Kwh
Free basic service: Water usage	First 6 Kl per H/H	4869H/H per month,
Free basic service: Water connection	75%-100% base on income per H/H	5301H/H per month,
Free basic service: Sewer connection	75%-100% base on income per H/H	5093H/H per month,
Free basic service: Refuse removal	75%-100% base on income per H/H	6085 H/H per month,
Free basic service: Rate and taxes	75%-100% base on income per H/H	5584H/H per month,75%-100% base on income

3.2 WATER AND SANITATION PROVISION

In terms of the Water Services Act (Act no. 108 of 1997) and declaration of the powers and functions by the Minister of Water Affairs and Forestry in 2004, Makana Municipality is acting as both Water Services Authority and Water Services provider. The Authority function means that the Municipality is responsible for regulation, water quality, ensuring access and monitoring and evaluation.

The Provider function means that the Municipality is responsible for access, provision, operations and maintenance of all water needs. The National Department of Water Affairs is responsible for policy formulation, capacity building and support where it is needed, regulation and enforcement of legislation. The National Department of Corporate Governance and Traditional Affairs is responsible for funding of some water capital projects through Municipal Infrastructure Grant.

The main projects being undertaken in the infrastructure include the MIG (Municipal Infrastructure Grant), WSIG (Water Services Improvement Grant) and the RBIG (Regional Bulk Infrastructure Grant).

The RBIG is mainly dealing with the upgrade of the James Kleinhans Water Treatment Works. The project is meant to deal with four (4) phases. With an intention to increase the water purification from 10 mega litres to 20 mega litres. The projected cost for the project is at the range of R160m. That will allow the City to receive water from the JK WTW where the Waainek WTW will work as a reserve for the City. It comes handy, particularly that the Municipality is facing drought. These projects include:

- Waainek Bulk Water Supply Refurbishment;
- Alicedale Sewer;
- Alicedale Water Treatment Works;
- Riebeek East Water Treatment Works;
- Water Conservation Demand Management (WCDM).

These projects will alleviate the plight of the water and Sanitation projects that are giving problems in the Municipality.

The challenge is with the sanitation provision. There are serious challenges of sewer spillages in the City. The Waste Water Treatment Works is also not functional. The implication to that is the related diseases that could affect the community. The most affected area is the Eastern side of the City, Alicedale and to a certain extent the Riebeek East. There are plans to attend to that, through the grant funding from the Provincial and National government funding streams.

3. 2.1 Water Provision

The Municipality has the responsibility of implementing water services projects and maintenance thereof. Water deliveries are made by truck to rural areas on request by the Community and Social Services Directorate.

a) Household with access to water:

Ward	Regional/local water scheme (operated by municipality or other water services provider)	Bore hole	Spring	Rain water tank	Dam/pool /stagnant water	River/stream	Water vendor	Water tanker	Other	Grand Total
Ward 1	303	120	-	213	36	57	6	30	15	780
Ward 2	1827	3	-	3	3	-	12	87	6	1941

Ward 3	1605	3	3	6	-	3	9	9	60	1698
Ward 4	2178	21	3	12	3	9	6	6	6	2244
Ward 5	2007	-	-	-	-	-	3	231	-	2241
Ward 6	1221	-	-	3	-	-	-	6	3	1233
Ward 7	849	9	-	-	-	-	6	6	15	885
Ward 8	1335	30	-	-	-	-	3	-	12	1380
Ward 9	1377	-	-	-	-	-	18	6	6	1407
Ward 10	2073	-	-	-	-	-	6	6	30	2115
Ward 11	1854	3	3	-	-	-	6	-	15	1881
Ward 12	102	-	-	-	-	-	-	-	-	102
Ward 13	1041	171	15	201	60	27	18	159	18	1710
Ward 14	1101	276	18	189	45	12	6	51	45	1743

b) **Household Access to Piped water:**

Ward	Piped (tap) water inside dwelling/institution	Piped (tap) water inside yard	Piped (tap) water on community stand	No access to piped (tap) water	Grand Total
Ward 1	315	291	33	135	774
Ward 2	774	1095	66	9	1944
Ward 3	930	270	480	24	1704
Ward 4	2112	102	18	9	2241
Ward 5	1314	513	411	6	2244
Ward 6	819	405	6	6	1236
Ward 7	189	591	105	6	891
Ward 8	1197	171	9	9	1386
Ward 9	462	657	276	9	1404
Ward 10	471	1392	192	63	2118
Ward 11	408	1158	267	45	1878
Ward 12	102	-	-	3	105
Ward 13	858	336	123	390	1707
Ward 14	699	591	249	204	1743
Grand Total	10650	7572	2235	918	21375

Water and Sanitation Backlogs

Local Municipality	No. of HH	No. of People	Water			Sanitation		
			HH Backlog	Population Backlog	Water Backlog	HH Backlog	Population Backlog	Sanitation Backlog
Makana	21000	82526	0	0	0%	1499	5996	6.9%

3.2.2 Sanitation Provision

The Municipality has the responsibility of implementing sanitation services projects and maintenance thereof.

Household with access to sanitation:

Ward	None	Flush toilet (connected to sewerage system)	Flush toilet (with septic tank)	Chemical toilet	Pit toilet with ventilation (VIP)	Pit toilet without ventilation	Bucket toilet	Other	Grand Total
Ward 1	117	246	93	-	201	84	3	24	768
Ward 2	27	1869	12	-	9	-	21	6	1944
Ward 3	39	1164	3	3	6	255	114	123	1707
Ward 4	21	2184	15	-	3	9	-	6	2238
Ward 5	21	1740	24	-	189	180	15	72	2241
Ward 6	-	879	3	3	69	42	234	3	1233
Ward 7	12	360	3	6	126	348	24	6	885
Ward 8	15	1317	27	-	-	3	12	6	1380
Ward 9	60	960	15	3	12	237	111	15	1413
Ward 10	18	1794	27	-	33	51	192	6	2121
Ward 11	93	681	36	3	615	429	18	15	1890
Ward 12	-	102	-	-	-	-	-	-	102
Ward 13	216	1038	138	-	15	222	9	66	1704
Ward 14	198	1035	147	9	63	225	21	48	1746
Grand Total	837	15369	543	27	1341	2085	774	396	21372

Toilet Facilities:

Ward	Flush toilet (connected to sewerage system)	Flush toilet (with septic tank)	Pit/Bucket Toilet	Other	None - Not applicable	Grand Total
Ward 1	246	96	291	24	120	777
Ward 2	1869	15	30	6	24	1944
Ward 3	1164	3	369	126	39	1701
Ward 4	2184	15	15	6	21	2241
Ward 5	1743	24	387	69	21	2244
Ward 6	876	3	348	6	-	1233
Ward 7	360	3	498	15	12	888
Ward 8	1317	27	18	6	15	1383
Ward 9	960	15	360	18	57	1410
Ward 10	1794	27	276	3	15	2115
Ward 11	681	33	1059	18	90	1881
Ward 12	102	3	-	-	-	105
Ward 13	1038	138	246	66	216	1704
Ward 14	1032	147	312	57	198	1746
Grand Total	15366	549	4209	420	828	21372

3.3 ELECTRICITY**3.3. Electricity and Infrastructure.**

The Electricity Unit focuses on the capital infrastructure and operations and maintenance of the system. The Infrastructure includes projects that have been funded by the grant from the Department of Minerals and Energy. The funding is R8m for the financial year 2018/19. It is attending to the following projects:

- The 66KV overhead power lines refurbishment;
- The 11 KV substation upgrade (1X4); and
- General upgrades as per the business plan.

There is two Consulting Companies appointed to oversee the above work in the Makana Electricity infrastructure which is aging speedily. There is also regular maintenance. The challenge with aging infrastructure is the energy

losses experienced. The regular maintenance is meant to reduce the electricity losses experienced by the system. The Municipality is experiencing financial constraints for a full blown maintenance plan and implementation.

3.3.1 Electricity Provision:

The Makana Municipality's Electricity Department ensures that its customers get good supply of quality service in compliance with the quality criteria prescribed by the national Electricity Regulator. The Department has the duty of refurbishing electrical infrastructure and the responsibility of connecting customers who are not on the grid. The Department is also responsible for project implementation as well as day-to-day operations and maintenance. Municipality has a supplier agreement with ESKOM to purchase electricity for all its area supplied by the municipality.

Level and standard of services	<ul style="list-style-type: none"> <input type="checkbox"/> Customers are provided with a bulk 11 kilovolts of electricity. Some of this electricity is provided from solar energy. <input type="checkbox"/> The Municipality provides streetlights in accordance to the standards as outlined in the National Energy Regulator of South Africa (Nersa) guidelines. It also provides high masts which are funded by the Municipal infrastructure grant (MIG). <input type="checkbox"/> Medium and low voltage electricity is distributed according to consumer requirements.
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Access to minimum electricity standards is defined as an electricity connection at the dwelling. National policy also requires that poor households should receive 50kWh of free basic electricity per month.

The Maintenance Plan is in place but not fully adhered to, due to staff shortages. Budgetary constraints hinder the effective operation and maintenance as the infrastructure is aging and needs upgrading. There five (5) wards with the most households with no access to electricity are

- Ward 13
- Ward 3
- Ward 11
- Ward 14
- Ward 10

All indigent households and households who are prepared to install a 20 AMP Circuit Breaker get their first 50 Kwh free. There are therefore no backlogs in respect of service provision to existing erven within the Municipality's area of supply. There is a direct correlation between electricity backlogs and housing backlogs and planning for the new proposed areas are in place. The IDP Public Participation process revealed that there are areas within the Municipal and ESKOM supply area where existing services need to be upgraded. There is also a need for enhanced maintenance of street lighting. This coupled with the need for development within the Municipal area necessitates upgrading of the electrical service infrastructure.

a) Energy for Lighting:

Ward	Electricity	Gas	Paraffin	Candles (not a valid option)	Solar	None	Grand Total
Ward 1	645	3	51	72	6	3	780
Ward 2	1887	3	18	21	3	6	1938
Ward 3	1281	6	333	81	3	-	1704
Ward 4	2208	6	15	6	-	3	2238
Ward 5	2217	9	9	9	-	-	2244
Ward 6	1215	-	6	3	3	-	1227
Ward 7	786	15	63	21	3	3	891
Ward 8	1362	6	6	3	-	3	1380
Ward 9	1227	9	126	42	9	-	1413
Ward 10	1872	6	174	57	6	3	2118
Ward 11	1599	6	228	45	3	3	1884
Ward 12	105	-	-	-	-	-	105
Ward 13	1263	6	336	81	15	3	1704
Ward 14	1473	3	213	45	3	3	1740
Grand Total	19140	78	1578	486	54	30	21366

b) **Energy for Heating:**

Ward	Electricity	Gas	Paraffin	Wood	Coal	Solar	None	Grand Total
Ward 1	267	12	84	261	15	3	132	774
Ward 2	351	48	1161	18	9	6	351	1944
Ward 3	699	99	324	219	6	9	342	1698
Ward 4	1317	192	213	69	3	6	438	2241
Ward 5	612	39	852	18	3	6	714	2244
Ward 6	330	60	747	15	9	6	72	1239
Ward 7	69	6	465	18	-	-	327	885
Ward 8	885	99	198	27	9	3	165	1386
Ward 9	282	30	738	69	3	-	285	1407
Ward 10	603	30	1014	90	9	3	375	2124
Ward 11	372	36	1008	105	9	3	351	1884
Ward 12	96	9	-	-	-	-	-	105
Ward 13	483	156	309	462	24	-	276	1710
Ward 14	1113	30	141	282	36	3	135	1743
Grand Total	7479	846	7254	1653	135	48	3963	21384

3.4 SOLID WASTE MANAGEMENT

Makana municipality is responsible for waste management which includes the street sweeping, collection, transportation and disposal of solid waste. The municipality has approved Integrated Waste Management Plan in accordance with section 11 of the NEMA approved by Council 2013 and a Local Waste Management Plan which was endorse by the DEDEAT and by- Law to address issues like illegal dumping.

3.4.1 REFUSE REMOVAL AND WASTE MANAGEMENT

Basic level services for refuse removal are defined as free weekly refuse removal. All households in urban areas including Grahamstown, East and West have access to weekly refuse removal services that also include business and other waste is removed by order. Refuse is taken and disposed in three refuse land fill sites Grahamstown, Alicedale and Riebeeck East.

Dumping rate is higher in Grahamstown and the cost of transporting the waste has also increasing significantly due to illegal dumping littering and old fleet infrastructure

a) Refuse disposal

Ward	Removed by local authority/private company at least once a week	Removed by local authority/private company less often	Communal refuse dump	Own refuse dump	No rubbish disposal	Other	Grand Total
Ward 1	321	39	27	300	27	63	777
Ward 2	1926	6	-	6	-	3	1941
Ward 3	1659	12	6	24	3	-	1704
Ward 4	2154	21	9	36	12	9	2241
Ward 5	2238	-	3	3	-	-	2244
Ward 6	1230	3	-	3	-	-	1236
Ward 7	864	15	6	-	3	-	888
Ward 8	1332	6	6	27	6	6	1383
Ward 9	1314	3	3	9	3	75	1407
Ward 10	2058	3	15	15	30	-	2121
Ward 11	1863	-	3	6	6	-	1878
Ward 12	102	-	-	-	-	3	105
Ward 13	954	9	30	528	120	69	1710
Ward 14	999	27	78	492	117	30	1743
Grand Total	19014	144	186	1449	327	258	21378

3.4.2 WASTE DISPOSAL INFRASTRUCTURE

The Makana Municipality has three landfill sites namely the Grahamstown, Alicedale and Riebeeck East landfill; all the sites are managed by the Municipality. The landfills are located on municipal property. The landfill site in Grahamstown was permitted by the Department of Water Affairs and Forestry on 10 September 1996 as a Class G:M:B+ waste disposal site in terms of Section 20 of the Environment Conservation Act (Act 73 of 1989).

Makhanda: The site is located 2km from town at co-ordinates: S 330 17' 28" and E 260 29' 32". The expected lifetime of the site is approximately 20 years. The municipality uses a cell method to dispose of the waste in an old quarry.

Waste is properly and regularly covered with excavated material from the quarry burning of waste takes place. The Municipality is experiencing problems with the disposal of chillies and abattoir waste.

Alicedale: this site was authorised in May 2005 through Directions in terms of Section and building rubble. A bulldozer is used on the site for compaction and covering purposes. No

20(5) (b) of the Environment Conservation Act, Act 73 of 1989, by the Department of Water Affairs and Forestry. The site is located approximately 500m from town (Co-ordinates: S 330 19' 04" and E 260 04' 35"). The landfill site is operated by filling an old sandstone quarry. The site is approximately 0.9 Ha in size. The expected lifetime of the site is approximately 20 years.

Waste is covered once a year by hiring a bulldozer for this purpose. Waste is being burned on a regular basis although it is prohibited in the authorisation for the site.

Riebeeck East: authorised in May 2005 through Directions in terms of Section 20(5) (b) of the Environment Conservation Act, Act 73 of 1989, by the Department of Water Affairs and Forestry. The site is located approximately 2 kilometres from town (Co-ordinates: S 330 12' 35" and E 260 10' 56"). The site is approximately 0.5 Ha in size.

The expected lifetime of the current disposal area is approximately 10-15 years. Waste is covered once a year by hiring a bulldozer for this purpose. Waste is being burned on a regular basis although it is prohibited in the authorisation for the site.

The site is fenced (but need maintenance) with an access gate to prevent unauthorised persons from entering. Access to the site is however not properly controlled.

It is recommended that the burning of waste be phased out as an operational method and that waste be covered on a weekly basis as required in the authorisation for the site.

Access to the site should be controlled and proper record keeping of incoming waste should be done.

3.4.3 RECYCLING

Municipality has recycling program in Grahamstown landfill which called Masihlule and has a Public Private Partnership with Social Development and a private company.

3.4.4 AIR QUALITY

There is an opinion that the Air Quality Act requires local municipalities to monitor ambient air quality within its area of jurisdiction. From an environmental perspective the importance of appointing a permanent air quality officer to regularly monitor air pollution in highly developed areas with heavy industrial emissions is acknowledged. This situation does not warrant the appointment of a permanent air quality officer thus the municipality is looking at a more sustainable solution like partnering with the Sarah Baartman District Municipality and DEA to monitor the air quality in Makana.

3.5 TRANSPORT, ROADS AND STORM WATER

The provision and maintenance of roads covers the functional areas of the Department of Roads and Public Works and the Local Municipality. The Municipality have developed Road and Storm water Master Plan and next is to developing a Pavement Management System (RAMS) to carry infrastructure and maintenance.

3.5.1 ROAD INFRASTRUCTURE AND TRANSPORT MODES

TABLE:

BASIC SERVICE / INFRASTRUCTURE	MUNICIPAL ROADS
Total length of Roads	757.4Km
Gravel	588Km
Tarred	169km
Man-made house access	N/A
Transport Modes Stats' 2001	74 539
On foot	25 674
By bicycle	435
By motorcycle	173

By car as a driver	2 957
By car as a passenger	3 324
By minibus/taxi	4 386
By bus	573
By train	88
Donkeys	
Other	220
Not applicable	36 709

A large contingent of the population in 2001 was travelling by foot. Unfortunately the 2011/16 Stats' does not give a comparison. Makhanda is situated on the N2, which links it to East London/ Bisho and Port Elizabeth .The R400 links Makhanda to Riebeeck East and the N10.

- The MR476 links Grahamstown/Makhanda and Alicedale.
- The R343 links Grahamstown/ Makhanda and Salem to Kenton-on-Sea and Alexandria.
- The R350 links Grahamstown/ Makhanda to Bedford.
- The R344 links Grahamstown/ Makhanda to Adelaide.
- The R67 links Grahamstown/Makhanda to Port Alfred in the South and Fort Beaufort to the North.

Municipality is using Road Asset Management to identified road need upgrading and maintenance to check length and status.

a) Condition of unpaved roads

Condition	Very Good	Good	Fair	Poor	Very Poor	Total (km)
Paved Roads	2%	22%	66%	10%	0%	160.3
Unpaved Roads	0%	0%	0%	59%	41%	114.1

b) Paved Network Needs (km)

Local Municipality	Rehabilitation	Special Maintenance	Periodic Maintenance	Total
km	9.0	59.6	56.3	125.0

Cost	45 866 675	229 408 190	56 728 877	332 003 738
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3.5.2 RAIL

No functional rail service. The intention is to look at the feasibility of changing the train station to a bus station /depot.

3.5.3 AIRSTRIPS

There is a municipal airstrip just outside of Grahamstown, adjacent to the Army Base.

2.5.4 NONE- MOTORISED TRANSPORT

i) Animal drawn transport

Animal- drawn transport by docketts are found in Makana area more special in Grahamstown township. These vehicle are not licensed and are not allowed on public roads, however, in certain areas, such as on the N2 and R67 near Grahamstown, owners ignore traffic rules and travel on the surface roadway, results in a major traffic safety problem.

ii) Bicycle Transport & Facilities

There is general no provision for bicycle travel with the Municipality. Cyclist share the travelled way with motorised traffic. Cycling, however is not a prevalent form of transport in the district but is predominantly are creation sport activity.

iii) Sidewalks and Walkways

An assessments of the primary transport corridors in the Municipality indicate a dire need for the provision of sidewalks and walkways. Given the limited resources and proximity of residential townships to the business node, walking is one of the main transport modes in the Municipality. Despite this, there is lack of suitable pedestrian facilities, and where sidewalks or walkways are present, these are often in a poor condition. The lack of verge maintenance along primary routes often results in pedestrians sharing the travelled way with motorised transport. Pedestrian infrastructure is required in Makana, for new roads currently built and future one's iii) sidewalks and walkways considered.

3.5.5 HUMAN SETTLEMENT

Housing is a concurrent National and Provincial competency in terms of Part A of Schedule 4, of the Constitution. Section 10 of the Housing Act, 1997 (Act 107 of 1997), sets out the responsibilities of municipalities in relation to the provision of housing. Housing is included in this section as a basic service because there is a direct correlation between the provision of basic services and housing, which makes it a complex function that relies on high levels of cooperation between the Municipality and the Provincial and National Departments responsible for Housing.

3.5.5.1 Urban and Rural Settlement Areas

NO	SETTLEMENTS	APPROXIMATE DISTRIBUTION	POPULATION
1	Makhanda	80%	
2	Riebeeck East	5%	
3	Alicedale	10%	
4	Seven Fountains	4%	
5	Fort Brown		
6	Salem (Surrounding land is the subject of a substantial land claim, which may result in the need to expand the settlement)		
7	Sidbury (Entirely surrounded it has become the administrative centre for game farming and no longer performs a true human settlement function)		

3.5.5.2 Housing Backlog

There is a need for housing throughout the municipal area. The table below indicates the housing needs per town as reflected by the Municipality's Housing Waiting List register

**The Municipality cannot provide housing on private land – Names of towns indicate town of origin of applicant. Also note Fort Brown is under land claim*

	Makhanda	Alicedale	Riebeeck East	Rural Areas (Seven Fountains & Fort Brown)	TOTAL
<i>Estimated Housing Demand 2018 (Town Planning Report & IDP 2018)</i>	12 800	948	456	417	14 621
<i>Estimated Housing Demand 2028 (@ 1.12 % population growth / annum)</i>					16 154
Current Projects : <ul style="list-style-type: none"> • Mayfield North • East Commonage • Provincial Project • Etembeni • Phola Park / Glebe (Erf 4103) • Infill Areas 	2 763 3 585 2 200 300 300 410				9 558
<ul style="list-style-type: none"> • Alicedale • Fort Brown • Seven Fountains 		338		341 233	912
Total Current Projects (2018)					10 470
Current Shortfall (2018)					4 151
Additional Households (2028) (@1.12 % population growth / annum)					2 838
Estimated Housing Demand including Shortfall (2028) (@1.12 % population growth / annum)					6 989
Estimated Land Requirements @ 40 units / ha					172 ha

3.5.5.3 ROLES AND RESPONSIBILITIES IN RELATION TO HOUSING PROVISION

Makana Municipality Role

- Set housing delivery goals in respect of the Municipal Area;
- Plan, co-ordinate, facilitate. promote and facilitate housing development in the municipal area;
- Identify and designate land for housing development
- Plan and manage land use and development (township establishment, subdivision, consolidation, rezoning etc.);
- Provision of bulk engineering services;
- Provision of services in respect of water, sanitation, electricity. roads, storm water drainage etc.;
- Maintenance of a housing data base.

The provision of housing in Makana is held up by the challenge of the sewer infrastructure. The WWTW has reached its full capacity presently. The plans to improve that are hampered by the challenge of finances. There are various projects that are delayed by various reasons too. They include the following and happen to take a multi-year approach as a result:

- Fingo and Eluxolweni village (plastering and painting);
- Mayfield house (remainder of the 2200);
- Transit Camp houses;
- Alicedale project (Electricity connection need);
- Makana Disaster houses;
- Makana Infill; and
- Installation of Jojo Tanks (greening project).

These projects are a challenge but there is a plan to make sure that they are implemented to infinity. A Committee with Department of Human Settlement and Makana has been set to deal with the challenges. A project plan is being designed to ascertain the. Completion of these projects

3.6 COMMUNITY SERVICE

The area that is a challenge is the Waste Disposal site that has lapsed its operation period. The methane gas, scavengers, the fence, the management is all not there to ensuring the proper operations of the site. There is also a Court ruling that was set in 2015, that requires the Municipality to observe. The Municipality has done the following:

- Appointed the Official to lead the plan;
- Approved the Integrated Waste Management Plan (IWMP);
- Requested a Consultant to advise on the method to deal with the site;
- The financial implications thereto; and
- Other resource requirements.

The project is multi-year and requires the Municipality to act on it urgently. Ensure that the following occurs in the site:

- Fencing of the site;
- Rehabilitate the site;
- Ensure all vehicles are registered entering the site;
- The gate is operated for incoming and outgoing vehicles;

- Control and registration of scavengers;
- Release of the methane gas;
- Establishment of the cells for waste disposal; and
- Equipment on site to level the site.

If these activities are taken consistently, the site will operate in line with the NEMA (National Environmental Management Act).

3.6.1 ANIMAL CONTROL

The animal control program is not well managed by the Directorate. It is important to develop a policy that will guide the process of animal control. As at present the management is not well coordinated to enable the control, management, claim, reclaim and disposal of these animals.

The policy should define the following:

- The owner and branding of their animals;
- The place where they should brand their animals in line with the law;
- The rules on animal control;
- When the animal has been pounded process;
- The claim and reclaim of the animal;
- The storage of the pounded animals;
- The cost of claim and reclaim;
- The disposal of animals;
- The process in the case of death; and
- The obligations of the owner.

This is one of the income generating business in the municipality. It is correct for the department concerned to better manage the animal control.

3.6.2 TRAFFIC SERVICES

The traffic services is a Provincial government function. The Municipality has also a role to play in line with the traffic management in the local space of the municipal jurisdiction. The licensing is the function where the municipality plays an agency responsibilities to the department of Transport. These funds are paid to the Province in line with the legislation that gives some administrative fee to the municipalities. The penalties on road users in the municipal jurisdiction are paid to the municipality. The vehicle testing is still the responsibility of the Municipality. Although the matter is still under discussion, given the private services provided by the citizens of Makana.

3.6.3 FIRE AND DISASTER MANAGEMENT

The Fire and Disaster Management are functions of the District Municipality in collaboration with the Municipality. The Municipality acts as an agency to the Sarah Baartman district Municipality. The District support the Municipality on these activities:

- Recruitment of staff;
- Equipment acquiring for the service;
- Protective clothing;
- Satellite sites for the service;
- Training of the Officers or staff;
- Support on Hazardous spillages;

- Financial injection to the Municipalities; and
- Engagement on the disaster and fire related activities.

The Municipality is still performing this function to the satisfaction of the District. The reports are made to the District on the various encounters of Fire and disaster issues.

3.6.4 CLEANSING

The cleansing services are meant to ensure that the citizens are residing in a safe and healthy environment. This is done by making sure that the following is observed:

- Collection of household waste;
- The timetable for the collection;
- The collection of various waste (refuse, garden, rubble);
- Informal dumping sites;
- Formal dumping site and transfer stations;
- Equipment required for the site; and
- Personnel and other resources.

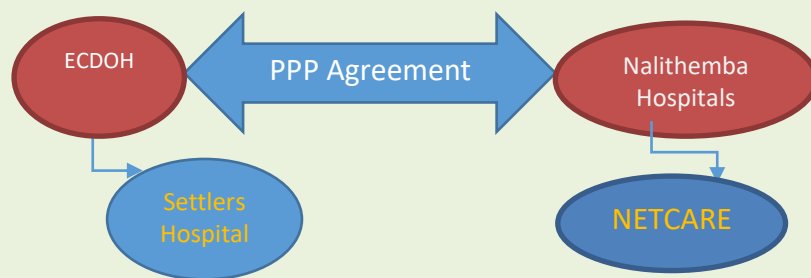
All these should be defined in the policy, and by-law that governs the waste management in line with IWMP.

The personnel needs to make sure that they work in line with scheduling that maximises the time and need for the citizens to use the spaces with less waste. So it is key to have a system that enables that. The offenders need to be punished in line with the policy provisions on contraventions.

3.6.5 HEALTH CARE FACILITIES

Settlers Hospital is the main health care facility in Makana Area established in 1858. Settlers Hospital is located in Makhanda within the Sarah Baartman Municipal District. It serves a population of 157 998 (Makana /Ndlambe municipality). Settler's hospital is a Public Private Partnership facility with Nalithemba Hospital Group since 2007

PUBLIC PRIVATE PARTNERSHIP:



- Settlers Hospital has 219 approved public beds and 30 private beds.
- The hospital is currently functioning with 166 active/usable beds.
- Settlers Hospital is Public Private Partnership entity where ECDOH is providing the full district hospital package and Nalithemba is providing Private Health Services including ICU and High Care.
- The Accident and Emergency Unit and theatre at the hospital is a shared service managed by Nalithemba /NETCARE.

OTHER HEALTH FACILITIES

Table: Health Facilities

FACILITATE	CENTER
Community Health Centres	
Condom Distr Site	Makana Condom Distribution Site
Condom Distr Site	Makana Primary Condom Distribution Site
District Hospital	Settlers Hospital
EHS LG Service	Makana Local Municipality - LG EHS
EHS Prov Service	Makana Health sub-District - Prov EHS
EMS Station	Alicedale EMS Station
EMS Station	Grahamstown EMS Station
Mobile Service	Grahamstown Mobile 1
Mobile Service	Grahamstown Mobile 2
Mobile Service	Grahamstown Mobile 3
Non-Medical Site	Rhodes University Non-Medical Site
Specialised Psychiatric Hospital	Fort England Hospital
Specialised TB Hospital	Temba TB Hospital

CLINICS

All our primary health centres are opening from 8h00 to 16h30, 5 days a week except Joza clinic which opens seven days a week (including Saturday and Sunday). Depending on the size of the clinic there are 3 -5 professional nurses in attendance. Doctors visit clinics, some clinics once a week and others once in two weeks.

MAKANA CLINICS	Anglo African Street Clinic
	Joza Clinic
	Kwa-Nonzwakazi Clinic
	Middle Terrace Clinic
	NG Dlukulu Clinic
	Raglan Road Clinic
	Raymond Mhlaba Clinic
	Virginia Shumane Clinic
	Settlers Day Hospital

AMBULANCE SERVICES

Makana Municipality has two Ambulance Services i.e. EMS and Netcare. For those patients referred to either Port Elizabeth or East London there is transportation organised by the hospital and the ambulance service; on Monday, Wednesday and Friday to PE and Tuesday & Thursday to East London.

3.6.7 SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

SPORT AND RECREATION FACILITIES:

☐ **MAKHANDA- RHINI:**

- Indoor Sports Centre (New Facility functional)
- Mickey Yili Rugby Fields (2 x Playing fields) - In need of upgrading especially lighting and stands
- Millennium Cricket Stadium (1 x field with turf wicket and Practice nets)
- Dlepu Stadium (2 x soccer fields) In need of upgrading especially lighting, ablutions and Pavilion
- Foley's Ground Multi-purpose Centre (soccer field with tennis court and basketball court under construction)
- The Oval - Lavender Valley Sports grounds (2 x rugby fields and Basketball court) In need of upgrading, levelling of fields, ablutions and lighting
- Egazini Rugby field (1 x field under reconstruction)
- Extension 5 Satellite Soccer ground (3 x Soccer fields - out on tender)

☐ **Alicedale:**

- Transriviere (1 x Rugby Field plus two netball courts)
- KwaNozwakazi (1 x Soccer Field and Netball court)

☐ **Riebeeck East:**

- KwaNomzamo (1 x Rugby field and netball court)

In 2014-15 Council approved a budget for Maintenance. Budget for Sporting grounds is valued at R 2,062,620, all-inclusive and Capital Program at R 406,000. There are two Golf Courses in the Municipal Area, both privately owned, one in Makhanda and the other in Alicedale

3.7 LOCAL ECONOMIC DEVELOPMENT AND PLANNING

The Local Economic Development Directorate is dealing with planning, building inspection, agriculture and SMME (small, medium, micro enterprises).

The whole intention is to ensure that an environment is created to make sure that business is having a better space to conduct business. The planning develops Spatial Development Framework (SDF) that details the allocation of various spaces for households, business, environment, school, industry, churches, open spaces, farming and so on. The SDF has been developed. It is to be finished in the 2018/19 financial year. When that has been concluded, it is expected from all citizens to oblige with the law. There are also structures like the tribunal and Appeals Committees that deal with the various applications for land use purposes.

The Building Inspectorate is dealing with all buildings in the municipality. The Heritage buildings that need the aesthetic Committee to look at those building. They guide all people on the conduct of such with the

Heritage Law provisions. The people who are dealing with current buildings and new building have to apply to the municipality. Then the various Directorates comment in line with the needs of the citizens. There should be water, sanitation, financial implications, and all other infrastructure requirements. All that comes at a cost for the applicant.

The Agricultural Unit deals with the facilitating of the services required by the farmers of Makana. The function is a Provincial and National function.

The Municipality facilitate the issues of:

- Land availability for farming;
- Water provision for farming;
- The feed requirements;
- The attention to issues of drought;
- The animal and land control;
- Registration of animals;
- Fencing of farms. Etc.

The facilitation is comparatively done well with the organised farmers in Makana. There is a need to make sure that this function becomes funded, as it is one of those unfunded mandates in the municipal space. The SMME Unit is meant to facilitate the beneficiation of the small, medium, micro enterprises in businesses that are conducted in the Makana area. This should be done by:

- Developing a database of SMME's;
- SMME's technical training;
- Structural setting for SMME;
- Support to SMME's; and
- Resourcing of SMME's.

There is generally good work done in this avenue. This is seen by the vibrancy of the voice of SMME's in the Makana area. There is a need to enhance their technical training, so that they grow in line with CIDB grading.

CHAPTER 4: FINANCIAL PERFORMANCE

4.1 INTRODUCTION:

Makana Municipality has established a Budget & Treasury directorate incorporating the functions as outlined in the MFMA guidelines. The unit has however experienced a lack of sustainability with numerous changes in management of the past 8 years which contributed to the municipality experiencing financial difficulties and struggling to successfully implement financial recovery strategies.

The municipality has however still managed to improve to **qualified audit opinions over the past 3 years** after receiving continuous disclaimers. The areas of qualification have not been addressed and prevent the municipality to progress to an unqualified opinion. With the appointment of a Municipal Manager & Chief Financial Officer during the 2018/19 financial year, the municipality has set its sights in improving to an unqualified opinion in both Financial and Performance Management reporting within the next 3 years

4.2 REVENUE MANAGEMENT

Makana Municipality's tariffs for water and electricity provision are running at surpluses and assists in improving the sustainability of the municipality. Sewerage and refuse removal were running at deficits up to 2018/19 and the municipality has approved a 19% tariff increase for refuse removal in order to budget for a surplus in this trading service for 2019/20.

Sewerage services tariff will be reviewed during the 2019/20 financial year with the assistance of the Sarah Baartman District municipality to determine if the structure must be changed to a more measurable tariff based on consumption, rather than number of toilets in the network or if the tariff as it stands, must just be increased to a level where it can cover its costs over a realistic timeframe.

The outstanding Debtors' Age Analysis is currently sitting at R476 million with most of uncollectable debt owing to the municipality being:

1. household's debts from Rini side where electricity is supplied by Eskom;
2. liquidated businesses;
3. Deceased accounts and prescribed debts.

Other challenges being experienced are non- payment due to disputes arising from customer data errors and staff capacitation and a lack of communication within the municipality to resolve disputes / complaints. The Debtor collection rate in 2016/17 financial year was 71 % and increased to 88.3% during the 2017/18 financial year.

Revenue collection rate is affected negatively due to the following issues:

- Data integrity that leads to overstatement of debtor's book and billing.
- Indigent write- offs that are not processed every financial year.
- Prescribed debts not being written off

4.3 TOP 10 CREDITORS 2017/18

EC104 MAKANA MUNICIPALITY TOP 10 CREDITORS AS AT END MARCH 2019							
	Creditor Name	0days	30days	60days	90days	120days +	Totals
1	ESKOM BULK ACCOUNT	27 082 625,10	-			24 073 432,37	51 156 057,47
2	DEPARTMENT OF WATER AFFAIRS	328 595,28	660 528,31	227 856,81	1 029 717,95	36 568 969,45	38 815 667,80
3	AMATOLA WATER-AMANZI					36 002 866,42	36 002 866,42
4	SALGA				5 028 684,31		5 028 684,31
5	AUDITOR-GENERAL	41 799,62	62 040,57	145 632,36	5 616,60	3 088 009,91	3 343 099,06
6	DEPARTMENT OF TRANSPORT	218 047,45	487 654,25		177 670,11	1 668 494,41	2 551 866,22
7	SIZANANE CONSULTING		1 498 075,52				1 498 075,52
8	ARTIVOLT SOUTH AFRICA (PTY) LTD					1 300 617,16	1 300 617,16
9	MUNSOFT (PTY) LTD	600 665,70	255 662,37	487,83			856 815,90
10	KHUSELANI SECURITY	424 147,92		110 976,98	124 073,63	177 616,25	836 814,78
	TOTAL	28 695 881,07	2 963 961,02	484 953,98	6 365 762,60	102 880 005,97	141 390 564,64

DUE TO A LONGSTANDING CASH FLOW CHALLENGE, THE MUNICIPALITY CANNOT PAY ALL ITS CREDITORS AS THEY BECOME DUE. THE MUNICIPALITY REVISED ITS REVENUE COLLECTION AND EXPENDITURE LEVELS TO IMPROVE CASH FLOW AND ADDRESS THE OUTSTANDING CREDITORS.

4.4 SALARY COST

Months	Total Salaries inclusive of overtime & 3 rd Parties	Overtime Paid
July	R 10 944 565	R 569 805
August	R 14 517 920	R 593 403
September	R 14 556 979	R 609 140
October	R 14 591 162	R 584 911
November	R 20 219 951	R 552 262
December	R 15 663 281	R 356 748
January	R 14 065 833	R 587 845
February	R 14 283 622	R 642 736
March	R 14 384 986	R 451 093
Total	R133 228 300	R4 947 943

4.5 MONTHLY COST

The municipality is faced with monthly costs that ranges from R34 million to R40 million from monthly inflows into bank: ±R19 million, whilst the average actual monthly billing receipts are only sitting at ± R16 – R19 million.

Most of the revenue generated goes to employee costs that are sitting at R14,5 million a month as the Equitable Share allocated to the municipality is mostly committed to pay long outstanding debts as per the payment plans in place.

CREDITORS	PERCENTAGE
Eskom	23%
Amatola water	22%
DWS	16%
Auditor General	1%
SMME	6%
Litigation	1%
Salga	2%
DBSA	37%

RUNNING COST	AMOUNT
Employment Cost	R 14 500 000
Vehicle Maintenance	R 350 000
Water Purchased	R 350 000
Eskom Current	R 7 200 000
Pending Payment Plans(Excluding Eskom)	R 3 200 000
Loans Repayment	R 754 000
Operational Cost	R 1 500 000

4.6 2.11.10 GENERAL SITUATION CHALLENGES

High Staff turnover

- The municipality total staff costs amounts to R14.5m per month
- Has +/-700 employees
- Has 30-40 permanent managers, mostly on task grade 15 &16, entry level R450k
- Company contributions costs are high as all employees (except directors and interns are permanent)
- Normal overtime paid to employees exceeds R500 000 per month

Historical debts

- Demanding payments resulting to Litigation and claims
- Most revenue generated pay old debts, limitations in implementing new projects
- As a result of old debts, no internal funding for capital projects

Non Payment by ratepayers

- Age Analysis which was not monitored and readings not taken in previous years resulted in consumer accounts being inaccurate
- Ratepayers refuse to pay as their accounts are abnormal
- Ratepayers also refusing to pay amounts due as they complain about non-service delivery (roads not fixed, water outages)
- Tariff structure not cost effective

4.7 FINANCIAL PLAN 2017-18

4.7.1 Executive Summary

Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. This includes the compilation of the Medium-term Revenue and Expenditure Framework.

The service delivery priorities were reviewed as part of this year's planning and budget process. A critical review was also undertaken of expenditures on noncore and 'nice to have' items as per Circular

National Treasury's MFMA Circular No. 93 and 94 were used to guide the compilation of the 2019/20 MTREF.

The main challenges experienced during the compilation of the 2019/20 MTREF can be summarised as follows:

- Budgeting for a surplus (i.e. Total Revenue exceeding Total Expenditure) on the operating Budget;
- Fully implementing cost containment measures and removing non-core expenditure items;
- Maintaining revenue collection rates at acceptable levels and even more;
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of rates and tariff increases;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- Allocation of the required operating budget provision for staffing requirements, including the implementation of the Task Job Evaluation System and the associated maintenance phase

The following budget principles and guidelines directly informed the compilation of the 2019/20 MTREF:

4.7.2 Revenue Management

The MTREF used the guidelines set out of Circular 93 and 94 issued by National Treasury as well as the Guideline on Municipal Electricity price increase.

On 23 May 2019, NERSA approved a guideline increase for municipalities as follows:

A guideline increase of 13.07 %, which is based on the following assumption:

- Bulk purchases cost have increased by 15.63% in line with Eskom's electricity tariff increases to municipalities;
- A consumer price index (CPI) of 5.2% as indicated in the forecast by the Bureau for Economic Research (BER) in March 2016;
- Salary and wage increases of CPI plus 1.5% as indicated in the SALGA Circular No.06/2018: Salary & Wage Collective Agreement; and
- Repairs & maintenance, capital charges and other costs have increased by the CPI.

National Treasury continues to encourage municipality to keep increases in property rates, tariffs for trading services and charges for other municipal own revenue sources within the parameters of the country's inflation rate.

In terms of Circular 79 "Setting of tariffs should consider the following practicalities:

- Cost of bulk purchases and the fluctuation in the seasonal cost thereof,
- Consumption patterns to enable better demand planning and management, and
- Embark on the process to correct tariff structures to be cost reflective

One of the main challenges hampering revenue collection is the issue of tariffs structure, provisions has been made in 2019/20 budget to start the process of correcting the tariffs to be cost reflective especially water and sanitation tariffs structure.

The budget is based on a water tariff increase of 6%, the installation of new meter and replacement of damaged meter project that is implemented under the Water Conservation & Demand Management Project is expected to significantly have a positive effect on the collection rate as this will mean that all consumers will be accurately billed and this should minimise the frequency of disputes by consumers.

Department of Water & Sanitation through the consultant, MBB Consulting Engineers, has been assisting during 2018/2019 with inspections of all bulk water consumers and has replace all the electric magnetic meter installed by Sebata that could not be read for billing of consumption. During 2019/2020 all bulk water consumers will be billed accurate consumption and will increase revenue collection.

Sanitation tariffs will increase by 6% is based on the CPI increase as the cost effective tariffs is still in progress. Refuse removal tariff increase is set at 19% for all users. This is largely based on the increase of the main cost drivers of the service and to ensure the service runs at breakeven or a minor profit margin.

Sundry tariff increases will be limited, in most instances, to be within 6%. The financial sustainability and viability of the 2019/20 MTREF is largely dependent on the collection level of billed revenue for services

delivered. A debt collection company has been appointed for data cleansing and improving collection rate. The 2019/20 budget is based on the collection rate 94% collection.

4.7.3 Expenditure Management

Long-outstanding debts, particularly ESKOM, continues to be a challenge. Payment plans are in place and provision has been made in 2019/20 budget for repayment of part of these debts.

The repayment of long-outstanding creditors relating to previous financial years was not budgeted appropriately in the current financial year, compromising service delivery. This means 2019/20 budgeted expenditure had to be cut or put on hold to compensate for the funding of repayment of accruals.

Employee-related costs budget represents 41.59% of the total 2019/20 Budgeted Expenditure. Efforts needs to be made to reduce this ratio to below the upper limits of the Treasury norm of 40%

Asset Management plans, including maintenance plans, are regarded a priority as they have a direct impact on the quality of services delivered to the communities.

To date, the maintenance plan has been developed and its implementation is in phases due to financial constraints. Municipal asset reconciliations, verification of movables and updating of work-in-progress (WIP) have been is in process.

The capital budget of R39.069 million for 2019/20 represents a decrease of 54% when compared to the 2018/19 Adjustment Budget. The capital programme decreases are attributable to the drought funding falling away and a reduction in other grants. The Capital Budget will increase to R39.384 million in the 2020/21 financial year and then increases in 2021/22 to R39.906 million. There is no Borrowing in the Capital Budget due to the lack of cash resources to repay the annual instalments. There will only be R1 million funded from internally generated funds in the 2019/20 financial year.

4.7.4 OPERATING BUDGET FRAMEWORK

Operating Revenue

Municipality is in the process of turning around the current declining position in order to build a sustainable future, revenue enhancement is one of the key elements of turn around strategies that has be used to address the challenges. The Council has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. A debt collecting company was also appointed to assist with data cleansing, recovering outstanding debts and capacitating the Credit Control personnel in the process. Indigent policy and procedures, credit control and debt collection policy were reviewed as they are important part of debt management and revenue enhancement.

Summary of revenue classified by main revenue source

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Revenue By Source											
Property rates	2	53 450	62 566	66 278	67 345	74 087	–	55 540	81 496	86 386	91 569
Service charges - electricity revenue	2	135 222	127 106	118 437	122 721	147 221	–	101 469	161 943	171 660	181 960
Service charges - water revenue	2	40 778	66 687	76 280	70 493	70 493	–	70 930	74 722	79 205	83 958
Service charges - sanitation revenue	2	19 287	24 372	21 765	16 673	16 673	–	8 216	17 674	19 087	20 614
Service charges - refuse revenue	2	7 225	11 937	8 415	13 934	13 934	–	4 792	15 328	16 554	17 878
Service charges - Other		31	47								
Rental of facilities and equipment		1 167	1 280	1 743	1 425	1 425	–	408	1 511	1 601	1 698
Interest earned - external investments		1 000	1 086	991	800	3 300	–	520	2 000	2 120	2 247
Interest earned - outstanding debtors		16 980	18 731	19 879	7 418	7 418	–	–	7 863	8 335	8 835
Dividends received		–			–	–	–	–	–	–	–
Fines, penalties and forfeits		49	492	383	990	1 025	–	75	1 261	1 337	1 417
Licences and permits		2 221	2 360	2 642	2 550	3 400	–	1 787	3 570	3 784	4 011
Agency services		996	811	–	1 500	1 500	–	–	1 575	1 670	1 770
Transfers and subsidies		86 094	86 421	91 034	92 497	118 700	–	36 069	104 889	108 433	116 192
Other revenue	2	18 486	20 316	18 050	37 444	12 471	–	2 132	10 388	11 011	11 672
Gains on disposal of PPE		–	–	–	200	200	–	–	200	200	200
Total Revenue (excluding capital transfers and contributions)		382 986	424 211	425 896	435 991	471 848	–	281 938	484 420	511 383	544 020

- Revenue generated from rates and services charges form a significant percentage of the revenue basket for the municipality. In the 2019/20 financial year, revenue from rates and services charges have been budgeted at R351 million or 72.5 per cent of the total operating budget. This growth can be mainly attributed to the implementation of a new General Valuation Roll from 01 July 2019; yearly tariff increases in service charges; and the anticipated increase in collection rate.
- Electricity is the largest revenue source, excluding grants and transfers, totaling 33.4 per cent or R161,9 million; followed by Property rates at R81.4 million (16.8%) and Water R74.7 million (15.4%). The priority of water projects that is being currently undertaken is expected to not only materially improve the municipality's service delivery but also increase our revenue.
- One of the ever-present challenges facing all spheres all government is managing the gap between cost drivers and tariffs levied. With this in mind, Makana municipality has undertaken to set the tariff increase relating to Rates & service charges at 6% except for Electricity (13.07%) and refuse removal (19%).

Operating Expenditure

Operating expenditure for 2019/20 MTREF is informed by the following:

- The implementation of cost-containment measures and elimination of non-priority spending.
- Eliminating of wasteful expenditure
- Credibility and level of funding
- Financial Recovery Plan

Summary of operating expenditure by standard classification item

EC104 Makana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Expenditure By Type											
Employee related costs	2	144 120	178 487	157 569	182 284	184 306	–	113 475	189 305	204 449	220 805
Remuneration of councillors		9 422	9 637	10 315	9 774	11 248	–	7 162	12 017	12 738	13 502
Debt impairment	3	72 490	30 415	109 388	20 000	36 670	–	2 747	36 100	36 822	37 558
Depreciation & asset impairment	2	27 535	30 591	29 479	11 500	35 636	–	985	33 500	34 170	34 853
Finance charges		17 937	33 371	23 505	7 500	10 500	–	3 814	10 500	10 710	10 924
Bulk purchases	2	95 361	116 135	114 508	83 065	96 065	–	70 599	108 900	114 350	119 718
Other materials	8	–	–	–	25 030	16 683	–	4 459	15 300	15 606	15 918
Contracted services		8 456	39 901	19 359	12 459	80 252	–	37 866	27 413	27 961	28 520
Transfers and subsidies		2 967	23 280	2 678	30 700	150	–	3	150	153	156
Other expenditure	4, 5	114 714	53 554	38 730	50 625	–	–	–	50 875	51 892	52 930
Loss on disposal of PPE		108	1 244	1 086	–	–	–	–	–	–	–
Total Expenditure		493 108	516 613	506 616	432 937	471 509	–	241 109	484 059	508 852	534 886

- The total operating expenditure is budgeted at R484 million,
- Employee-related costs are budgeted for at R201 million, which is 41.59 per cent of the total operating expenditure. The amount is based on employees and Councillors' remuneration.
- The cost associated with the remuneration of councillors of R12 million and is budgeted in line with the latest Public Officer Bearers act issued.
- Bulk purchases of R108.9 million are directly informed by the purchase of electricity from Eskom and water from Department of Water & Sanitation.
- Repairs and maintenance have been budgeted at R15.3 million. This is aligned to the municipality's strategic objectives and goals in the Integrated Development Plan (IDP). Consequently, repairs and maintenance are linked to the municipality's core services.

DEBT RECOVERY

Financial sustainability is challenged by the arrear debts of around R200 million and causes the budget to be unfunded together with the lower than budgeted debtors collection rate. An action plan is currently being implemented to improve collection rates; billing efficiencies; cost-reflective tariffs and cash management initiatives in order to reduce arrear outstanding debts by at least R90 million over the next 3 years.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Council has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The financial recovery plan that was drafted in 2014 and reviewed in 2017, will be further reviewed to reflect the current progress and update the actions to make the document relevant and responsive to the current leadership's vision and mainly for the purpose of improving the financial situation encountered by the municipality

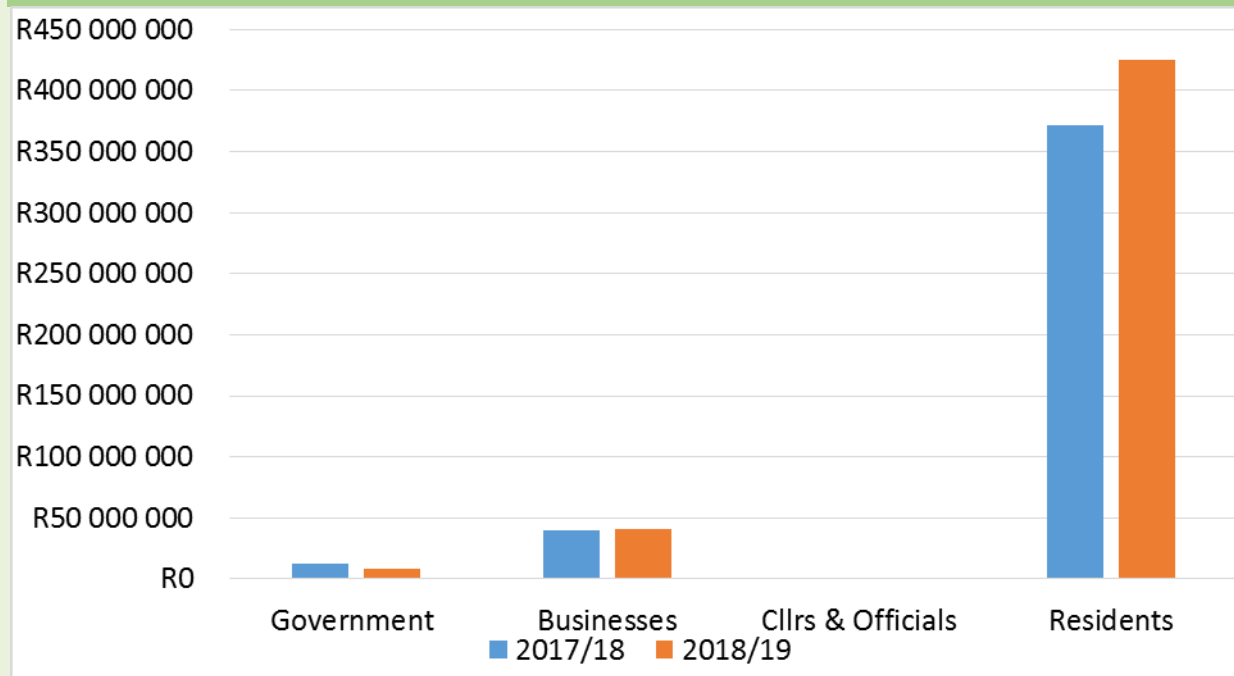
Municipality has entered into an agreement with Cogta for revenue enhancement and data cleansing exercise and these initiatives has been prioritised to address the overstatement of Age Analysis and

debtors' accounts. Other initiatives planned are the implementation of smart metering project which will includes meter audit and identification of illegal connections.

DEBTORS' AGE ANALYSIS

CATEGORY	BALANCE	% OF TOTAL OUTSTANDING
Business	R 41 062 696	8.63%
Residential	R 425 122 681	89.31%
Government	R 8 643 843	1.82%
Councillors	R 18 212	0.004%
Staff Debtors	R 1 179 924	0.25%
Total	R 476 027 356	100%

MUNICIPAL DEBTORS



DEBT PER AREA BREAKDOWN

AREA	PERCENTAGE
Rhini	58%
Grahamstown	31%
Alicedale	7%
Rural Area	3%
Riebeeck	1%

CAPITAL BUDGET FRAMEWORK

Capital Revenue and Expenditure

Total Capital Budget amounts to R 39 million, comprising of conditional grants and other external funding sources. The following table indicates funding of capital projects and programs over the MTREF:

	MIG Budget Excluding VAT		
	2019/20	2020/21	2021/22
Water supply to Makhanda West from James Kleinhans WTW		4 880 282	22 515 000
Feasibility Study of investigation of water supply to Makhanda West from James Kleinhans WTW	1 421 079		
Waainek Bulk Water Supply Refurbishment (Multi-year Project)	4 373 096		
Belmont Valley Wastewater Treatment Works Refurbishment	5 456 819	4 475 769	
Replacement of Asbestos pipes in water reticulation network in Grahamstown	4 007 617	3 644 739	
Mayfield Gravity sewer	3 739 130	2 967 277	
Upgrade of Ncame Street	1 157 955	5 154 977	
	20 155 696	21 123 044	22 515 000
	WSIG Budget Excluding VAT		
	2019/20	2020/21	2021/22
Refurbishment of Jameson Dam	7 448 652	-	-
Purchase Two Bakkies	620 000		
Purchase Hydro-Blast Jetting Machine	1 700 000		
Construction of 6ML concrete reservoir adjacent to High Level	7 622 652		
Refurbishment of Milner Dam		8 695 652	
Refurbishment of Old Town Filters water line		6 956 522	
Connection of new Boreholes to existing WTW		1 739 130	8 695 652
Bothas Hill reservoir - Security fence		869 566	
Bulk sewer upgrade			8 695 652
	17 391 304	18 260 870	17 391 304
Library Services - Internally Generated Funds	2019/20		
Air conditioners	173 913		
Fencing of Library	173 913		
Computer Equipment	173 913		
	521 739		
Internally Generated Funds			
Community Services Equipment	200 000		
Technical Services Equipment	200 000		
Office & Computer Equipment	600 000		
	1 000 000		
Total Capital Budget	39 068 739	39 383 914	39 906 304

The capital programme is aligned to the current drought situation and sewer challenges.

CHAPTER 5 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

The Makana Local Municipality currently has 30 different functions, based on the Municipal Systems Act, No 32 of 2000 and Act 117 of 1998.

The municipality annually undertakes a comprehensive organisational development exercise for the entire institution. The objective is the alignment of the current and future organisational needs. The current organisational structure which is under review was approved by Council in January 2017.

ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.

SDBIP

5.1 KEY PERFORMANCE MEASURES AND THEIR TARGETS AND ACTUAL RESULTS FOR THE 2018/19 FINANCIAL YEAR

Predetermined Objective(IDP)	Ref	Performance Indicator	Actual Performance 2017/18	Planned Annual target 2018/19	Actual Performance	Status	Variances/reason for Devation	Proposed corrective action
Improve planning of risk management	TL 57	Institutionalisation of risk management	New Indicator	N/A	All directorate operational risk register were revised and report will be submitted in the next Audit Committee 25 July 2019	Achieved	N/A	N/A
Effective and efficient administration and ensure	TL 58	Communicate with the public and Internal on a quarterly basis	New Indicator	2	No newsletter produced	Not Achieved	Lack resources	Review indicator

effective integrated planning		through varies means by 30 June 2019						
Support vulnerable groups	TL 61	Report quarterly on HIV/Aid programmes conducted by 30 June 2019	Four quarter report to were issued in 2017/18	4	Four report has been issued	Achieved	N/A	N/A
Support vulnerable groups	TL 62	Commemoration of AIDS/HIV, Tuberculosis and Cancer days	Only of AIDS/HIV Commemoration done in partnership with District Municipality	Three(3) events	HIV day, Tuberculosis and Cancer days Candle light event was held	Achieved	N/A	N/A
Support vulnerable groups	TL 63	Number of Disability programmes conducted by 30 June 2019	New Indicator	2	No report submitted	Not Achieved	Lack resources	Review indicator
Support vulnerable groups	TL 64	Number of youth programmes implemented quarterly by 30 June 2019	New Indicator	4	Report on the learnership was submitted to Mayoral Committee	Achieved	N/A	N/A
Enhance Intergovernmental Relationships	TL 65	One IGR forum is hosted per quarter by 30 June 2019	Two IGR Forum meetings were hosted in 2017/18 on 20 October 2017 and 17 April 2018	2	IGR forum was not held in the fourth quarter	Not Achieved	This was due to resignation of the responsible person	IGR forum to be convened in the 2019/20 financial year

Enhance administration and Council oversight	TL 66	Number of Audit Committee quarterly by 30 June 2019		4	One Audit Committee meeting was held on the 20 May 2019	Achieved	N/A	N/A
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Local Economic Development (LED)								
Predetermined Objective(IDP)	Ref	Performance Indicator	Actual Performance 2017/18(Baseline)	Planned Annual Target 2018/19	Actual Performance	Status	Variance/Reason for Deviation	Proposed / Estimated finish time and Corrective action
To ensure adherence to town planning and building control legislation	TL 23	Milestone achieved toward development 5 year SDF by June 2019	Establish project steering committee to review SDF	Draft SDF is completed	Draft SDF was table to Council for adoption	Achieved	N/A	N/A
	TL 24	Establishment of SLUMA compliant Municipal Planning Tribunal quarterly by 30 June 2019	Plan was to recommend to council for possible nominees to serve in the MPT, however, no responses were received	Appointment of Municipal Planning Tribunal	Municipal Planning Tribunal(MPT) has not being appointed only call for nomination done	Not achieved	This was not achieved due to the delay coursed by the resignation of Manager due to retirement and subsequently by the planer responsible for the project	List of possible person for MPT is available and project will be prioritised in the new financial year.
To ensure adherence to town planning and building control legislation	TL 25	Establishment of SPLUMA compliant Appeal Authority by 30 June 2019	Target to establishment of SPLUMA compliant Appeals Tribunal was not achieved	Appointment of Appeal Authority by council	Appeals Authority was appointed	Achieved	N/A	N/A

To ensure adherence to town planning and building control legislation	TL 26	Drafting of heritage and environmental related applications SOP by 30th June 2019	New indicator	Table draft Heritage and environmental SOP for approved to Portfolio Committee	The SOP was not developed	Not Achieved	Due to town planner responsible resigning	This will be prioritised by new manager Town Planner and draft is available
To ensure adherence to town planning and building control legislation	TL 27	Milestones achieved towards Draft Town planning application policy by 30 June 2019	New indicator	Tabling of Town planning policy SOP for approval	Town planning policy and SOP has not been completed only draft SOP is available	Not Achieved	Town planning policy and SOP was not complete due to the delay comments from sector department as required	To be prioritised in the new financial year
	TL 28	Development of Procedure for Aesthetics Applications by 30 June 2019	New indicator	Approved Aesthetics Application SOP by 30 June 2019	Aesthetic application SOP has not been completed only draft is available	Not Achieved	Aesthetic application SOP was not complete due to the delay comments from sector department as required	To be prioritised in the new financial year
Promote and support Agricultural development	TL 29	Convene livestock management capacity building is by 30th June 2019	New indicator	One livestock management capacity building	Training for livestock management was not done	Not Achieved	This was not done due to delay SCM processes	To be prioritised in the new financial year
Promote and support Agricultural development	TL 30	Number of job opportunities created through CWP programme Annually	1000	Three progress reports on CWP 30 June 2019	1000 Job created	Achieved	N/A	N/A

Reduce ecological foot print through renewable energy sources	TL 31	Prepare integration agreement between Green and Municipal electricity system by 30 June 2019	PowerX for distributed energy generation was appointed	Prepare grid connection agreement with one independent power producer	No agreement has been signed with independent power producers yet	Not Achieved	This was not achieved due to none corporation between Municipality and PowerX service provider	To prioritise project in next financial
Promote and support SMME development	TL 32	Number of crafters allocated stands in National Arts Festival(NAF) through Municipality by 30 June 2019	Three crafter were supported in 2017/18	Three(3) crafters	Three crafters participated in National Arts Festival	Achieved	N/A	N/A

Human Settlement								
Predetermined Objective(IDP)	Ref	Performance Indicator	Actual Performance 2017/18	Planned Annual Target	Actual Performance	Status	Variences/reason for Deviation	Proposed and corrective action
To ensure equitable access to housing for communities	TL 68	Establishment of FLISP Housing development	N/A	1	No report issued	Not Achieved	Report Not issued	Management to review role and responsibility on housing development function

To ensure equitable access to housing for communities	TL 69	Update housing beneficiary list annually	N/A	1	No report issued	Not Achieved	Report Not issued	Management to review role and responsibility on housing development function
	TL 70	Report to Portfolio Committee on the outstanding housing development project	N/A	1	No report issued	Not Achieved	Report Not issued	Management to review role and responsibility on housing development function

Community and Social Services								
Predetermined Objective(IDP)	Ref	Performance Indicator	Actual Performance 2017-18(baseline)	Planned Annual Target 2018/19	Actual Performance	Status	Variances/reason for Deviation	Proposed corrective action
To promote the well-being, health , safety and security of our community	TL14	Raise public awareness on recycling to reduce household waste with awareness initiatives	New Indicator	1 awareness initiatives	No public awareness on recycling to reduce household waste initiatives was not done	Not Achieved	The intention was to partner with external stakeholders, however the municipality could not secure partner to conduct recycling public awareness	Proposal framework on the recycling initiative will be developed in the next financial year

							programme.	
	TL15	Raise community environmental education awareness initiatives	New Indicator	2	Door to door environmental education was conducted at ward 11 on the 16 April 2019	Not Achieved	The second environmental awareness campaign was not conducted, instead environmental audit was conducted	To be prioritised for next financial environmental awareness campaign quarterly
	TL16	Number of community fire and rescue management awareness programmes by 30 June 2019	One programme was held quarterly four in total	4	Achieved(5 schools) were visited to do awareness programmes	Achieved	N/A	N/A
Ensure compliance with environmental health by-laws and legal requirements)	TL17	% portable water with Coliform and E Coli per sample monthly 31 July 2018 and 30 June 2019	12 water samplings where conducted once monthly	21 Portable water testing 0% Quarterly	21 Portable water test done April, May and June 2019	Achieved	N/A	N/A

	TL18	Approved stray animal control plan by 30 June 2019	Plans were to develop bylaw which was not developed	1	Draft Stray animal control plan was developed however, consultation with external stakeholders is outstanding	Not Achieved	Delay on the inputs from external stakeholder from SPA, Safe pat and department of agriculture	Prioritised for the next financial
Provision traffic law enforcement infrastructure and community safety	TL19	Number community road safety awareness programmes conducted by 30 June 2019	New Indicator	1	Road awareness campaign was held at Joza Youth Hub on the 18 May 2019	Achieved	N/A	N/A
	TL20	Collect 95% of budgeted income by 30 June 2019 for speeding fines (Excl budgeted debt provision)	New Indicator	95%	11%	Not Achieved	Shortage of staff and equipment to do effective law enforcement	Vacant position to advertised increase number of staff and part of equipment will be procured in 2019/20
To provide reading and study material	TL21	95% spent of library grant allocated for library office equipment by 30 June 2019 into approved business plan	New Indicator	95%	11%	Not Achieved	The budget was made available in the adjustments budget approved on 27 February 2019 and did not allow sufficient time to procure all the equipment.	The budget should be approved as part of the original budget and procurement plans must be submitted to manage the

							Only the computer equipment was purchased by year-end.	procurement processes. The project has to re-budget for in the 2019/20 financial year and revised targets to be set.
To provide reading and study material	TL22	95% spent of library grant allocated for Mobile library by 30 June 2019	New Indicator	95%	0%	Not Achieved	The Tender was advertised twice for the mobile library and both request for tenders yielded non-responsive result.	The municipality should review specifications to ensure it is clear and allows for successful bidding. In addition, potential service providers should be sent the tender invite to attract more bidders. Alternatively, the municipality should approach National Treasury for permission to utilise the National RT57 transversal tender.

Basic Services and Infrastructure								
Predetermined Objective(IDP)	Ref	Performance Indicator	Actual Performance 2017/18(Baseline)	Planned Target 2018/19	Actual Performance	Status	Variances/reason for Deviation	Proposed corrective action
Sufficient water-sanitation infrastructure that provide conducive environment for development and investment	TL01	Limit unaccounted for water to 10% by 30 June 2019	76%	10%	We lose 35% of water less by 41% than previous year which was 76%	Achieved	N/A	N/A
Maintenance of the existing water and sanitation infrastructure	TL02	95% water quality level obtained as per SANS 241 physical & micro parameters as at 31 December 2018 and 30 June 2019	90% Compliance	90%	Water quality level testing was only done in quarter four and 90% was achieved	Not Achieved	Water quality testing was only done in quarter four due none payment of service provider for other quarters	Budget to be prioritised in the 2018-19
	TL03	95% of WISIG(Drought) funding allocated for the financial year for water	New Indicator	95%	100% expenditure	Achieved	N/A	N/A

		conservation and demand management water by June 2019						
Sufficient water-sanitation infrastructure that provide conducive environment for development and investment	TL04	95% of WISIG(Drought) funding allocated for the financial year for Grahamstown groundwater development by June 2019	New Indicator	95%	15.7 %(R1 882 197)expenditure transfer was done only on 29 March 2019	Not Achieved	The low spending was due to late receipt of funding.	The funding will be committed to connect drilled boreholes by GoG to our reticulation system, Rollover application has been done
Maintenance of the existing water and sanitation infrastructure	TL05	95% of MISA(Drought) funding allocated for the financial year for water conservation and demand management water by June 2019	New Indicator	95%	Zero% expenditure transfer was not done to the municipality by Misa	Not Achieved	Transfer was not done by MISA to municipality,	MISA is implementing the project on their own. Will only be completed in the 2019/20 financial year

Sufficient water-sanitation infrastructure that provide conducive environment for development and investment	TL06	95% of WISIG funding allocated for the financial year for Alicedale refurbishment water treatment works Phase 1 by June 2019	New Indicator	95%	33% expenditure the service provider was appointed 29 March 2019 and project commence on the 24 April 2019	Not Achieved	Poor performance was attributed to late appointment of service provider due to delays in procurement process	Rollover application has been done. The contractor must be manage to ensure it complete the project within revised time frame
	TL07	Resuscitate of existing 4 Borehole in Riebeeck East by 30 June 2019	New Indicator	Refurbishment of existing 4 Borehole	No borehole has been refurbished, the service provider was only appointed on the 20th February 2019	Not Achieved	Poor performance was attributed to late appointment of service provider due to poor planning and delays in procurement process	Rollover application has been done. The contractor must be manage to ensure it complete the project within revised time frames
	TL08	Completion of Refurbishment of 3Km Alicedale Roads and Stormwater by 31 December 2018	80% complete	Completion of 3Km paving	3Km paving was completed in December 2018	Achieved	N/A	N/A

	TL09	Completion of Refurbishment of 3KM Alicedale Roads and Stormwater Phase II	70% complete	Completion of snag list	Snag list in the project were done in December 2018	Achieved	N/A	N/A
	TL10	95% of MIG funding allocated for the financial year to Refurbishment of Waainek Bulk Water Supply Treat Works by June 2019 [(Total amount spent/ Total amount allocated)x100]	Commence of construction of electrical and civil works	95%	59% achieved	Not Achieved	There delay was attributed due to poor performance of supplier in delay of the delivery filter project	Project to rollover to 2019-2020. The contractor must be manage to ensure it complete the project within revised time frame
	TL11	Construction of 2,5 Km i160 MM. of sewer pipe line by June 2019 in Alicedale	Contractor was appointed on the 14 February 2018 and handover meeting was held on the 24 April 2018	Installation of 2.5 KM Sewer bulk line (Reticulation) and Installation of two pump stations and erf connection	Installation of 2.5 KM Sewer bulk line (Reticulation) and Installation of two pump stations and erf connection	Achieved	N/A	N/A

	TL12	Number of additional household to be provided with sewer connections in Alicedale by 30 June 2019	New Indicator	108	108 Erf where connected	Achieved	N/A	N/A
Upgrading and refurbishing of the existing electricity network	TL13	Construction 66 KV- line and fencing by 30 June 2019	New Indicator	Refurbished 66KV 10km overhead line	Service provider has been appointed to do construction	Not Achieved	The poor performance and late commencement of INEP project, only 29.46% expenditure incurred to date.	Rollover application underway. The contractor must be manage to ensure it complete the project within revised time frame

Institutional Transformation								
Predetermined Objective(IDP)	Ref	Performance Indicator	Actual Performance 2017/18(Baseline)	Planned Annual Target 2018/19	Actual Performance	Status(Achieved & Not Achieved)	Variances/reason for Deviation	Proposed and corrective action/Estimated finished time
To create an efficient, effective and accountable administration	TL 33	Number of critical post filled within three month being vacant by 30 June 2019	However, recruitment and selection policy has been partially put on moratorium. The MM and CFO are prioritise to be filled in 2018-19 financial year	2	Vacant position were advertised not appointment were done	Not Achieved	Not all critical vacant were appointed within three month of being vacant due to none suitable candidate and Council monitorium by the Council on the appointment of vacant position	Some position will be filled in the first quarter of 2019-20 and others will be prioritised in the new financial year
	TL 34	The percentage of a municipality's personnel budget actually spent on implementing its workplace skills plan as at 30 June 2019	1 % R 628 000 Actual R2098 Reason delay in appointment of service provider for CPMD training	2%	0.25%	Not Achieved	The municipality has limited funding available for training and only convened Minimum Competency training	The Target must be realigned to be within the affordability limits of the municipality. Application for Grant funding must be made so that training can be completed by 30 June 2020

To create an efficient, effective and accountable administration	TL 35	The percentage of the Corporate Services capital budget actually spent on capital projects as at 30 June 2019	New Indicator	95%	Zero (0) Expenditure	Not Achieved	No Capital Budget was approved for Corporate Services	Targets should only be set where funding is approved within the budget. The target should not be included in 2019/20 as there is no Capital Budget in that financial year as well.
	TL 36	Facilitate at least one Local Labour Forum(LLF) per quarter by 30 June 2019	4 LLF were held and Roadshows on policies were conducted	4	LLF Meeting held on the 5th of June 2019	Achieved	N/A	N/A
To create an efficient, effective and accountable administration	TL 37	Number of employment contract signed by 30 June 2019	Employment contract were not signed due to lack information	0	Only new appointment have signed employment contract	Not Achieved	Not achieved due to delay by the issues raised by labour union	Additional addendum to employment contract has been drafted to address concerns raised by the unions
	TL 38	Number of staff moral programmes conducted by 30 June 2019	One programme was conducted	2	Only one staff moral programme was organised	Not Achieved	N/A	Forming partnership with external to assist the municipality with moral programmes

To create an efficient, effective and accountable administration	TL 39	Review of Employment Equity Plan effective 01 July 2018 - 30 June 2019	The Employment Equity Plan was reviewed and adopted by the Council	Approved Employment Equity plan	Employment Equity plan was approved	Achieved	N/A	N/A
	TL 40	Number of employment equity target groups Employed in the three high level of management in line with EEP.	New Indicator	N/A	Two appointments were at senior managers and in the middle management in line with targets in the employment equity plan	Achieved	N/A	N/A
Ensure maximum use of record centre	TL 41	Report the number of amendments and additions in the file plan by 30 June 2019	20 sessions were held to review or amended filing plans.	2	Two amendments were done on filing plan and one was approved by archives and the other is delayed due lack of human resources	Achieved	N/A	N/A

Financial Viability/ Management								
Predetermined Objective(IDP)		Performance Indicator	Actual Performance 2017/18	Planned Annual target 2018/19	Actual Performance	Status	Variences/ reason for Devation	Proposed and corrective action
Annually reporting on the % of the budget actually spend	TL 42	The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2019	93%	95%	29%	Not Achieved	Municipality received R22M drought funding and R12, 8M MIG reallocation late on 29 March 2019. Other projects were awarded late due to internal capacity challenges and funds could not be spent by 30 June 2019.	Management to apply for approval of rollover of funds and if approved by October 2019, projects would be completed with funds spent by 31 December 2019
Annually reporting on the % of the budget actually spend	TL 43	The percentage of the municipal operational budget actually spent on repairs and maintenance (ORM) as at 30 June 2019	New indicator	2%	Achieved 2,4% spent	Achieved	N/A	N/A

Annually reporting on the % of the budget actually spend	TL 44	Collect 90% of budgeted income by 30 June 2019 for resorts (Excl budgeted debt provision)	85%	90%	98.29% of Budgeted Revenue collected	Achieved	N/A	N/A
Enhance Revenue strategy	TL 45	Debt coverage ratio	59%	7.5	56	Achieved	N/A	N/A
Enhance Revenue strategy	TL 46	Debt to revenue ratio	New indicator	15%	11%	Achieved	N/A	N/A
A financially viable and sustainable Municipality	TL 47	Outstanding service debtors to revenue ratio	68%	23%	96%	Not Achieved	There has been an under-collection of revenue and most of the Debt Book is declared Irrecoverable resulting in the Outstanding Debtors far exceeding the revenue received.	The Debt Collection must be intensified and the Debt Incentive policy actively marketed to boost both revenue collected and writing off of discounted debt. The indigent register must also be updated to capture all qualifying

								residents and this will result in debt write-off for those who are approved as indigent and cannot afford to pay their arrears. Both projects are to be completed by 31 December 2019
A financially viable and sustainable Municipality	TL 48	Cost coverage	New indicator	1	0.96	Not Achieved	Cash Management has improved significantly but the unspent grants are at an alarmingly high level thereby reducing the cash available for operational expenses.	Investment Income and Cash Management must be maximised to allow for additional cash to pay arrear creditors and increase cash reserves. The Debt Collection and Debt Incentive policy implementation by 31 December 2019 will assist in this regard.

Annually reporting on the % of the budget actually spend	TL 49	100% of the FMG conditional grant spent by 30 June 2019 [(Total amount spent/ Total allocation received) x100]	100%	100%	100%	Achieved	N/A	N/A
To ensure the efficient and effective procurement of goods and services	TL 50	Convene supplier day for SMME's annually	One Session was convened	1	Supplier convened on 12 March 2019	Achieved,	N/A	N/A
To become a financial viable municipality that is able to account and report on all monies spent for service delivery purposes	TL 51	Compile and updated General and Supplementary valuation roll by 30 June 2019	New indicator	1	GV Received on 31 January 2019 and published on website. Objections closed 30 April 2019 and being addressed	Achieved,	N/A	N/A
To become a financial viable municipality that is able to account and report on all monies spent	TL 52	Provide free basic water to indigent households	29%	0	3 reports submitted and 4123 beneficiaries / 15158 water meters = 27.2%	Achieved	N/A	N/A

for service delivery purposes	TL 53	Provide free basic electricity to indigent households	32%	0	Achieved, 3 reports submitted and 1149 beneficiaries / 12237 Elec meters = 9.39% excluding ESKOM supplied areas which also receive FBE	Achieved	N/A	N/A
To become a financial viable municipality that is able to account and report on all monies spent for service delivery purposes	TL 54	Provide free basic sanitation to indigent households	27%	0	3 reports submitted and 3961 / beneficiaries1 5780 water meters = 25.10%	Achieved	N/A	N/A
for service delivery purposes	TL 55	Provide free refuse removal to indigent households	38%	0	3 reports submitted and 4676 beneficiaries / 10631 residential households = 44%	Achieved	N/A	N/A

5.2 APR SUMMARY

DRAFT ANNUAL PERFORMANCE REPORT 208/19						
Key Performance Area	No KPI	Reported	Achieved	Not Achieved	Pending	%
Basic Service Delivery and Infrastructure	11	10	4	6	1	40%
Community and Social Service	9	9	4	5	0	44%
LED and Rural Development	10	10	4	6	0	40%
Institutional Development	9	9	5	4	0	55%
Financial Viability	14	14	11	3	0	78%
Good Governance & Public Participation	8	8	5	3	0	62%
TOTAL	61	60	33	27	1	55%

5.3 ACTUAL RESULTS FOR THE 20118/19 FINANCIAL YEAR

This section of the Annual Performance Report will report on the Municipality's actual performance against the planned targets as derived from the Municipality's IDP. Due to the fact that the Municipality has developed six (6) KPA's the Makana Municipality will report as such. An overview of the overall Municipality's actual performance table 5.1 and performance against set KPI linked to the National KPA's are depicted in Table 5.2 below

5.4 DRAFT KEY PERFORMANCE AREA OVERALL PERFORMANCE REPORT:

2016/17 FINANCIAL YEAR	2017/18 Financial %		2018/19 Financial year	
			Actual performance	Actual Percentages
Achieved	41	65%	33	50%
Not achieved	22	35%	30	45%
Pending	N/A	N/A	3	5%
Planned	63	100%	66	100%

6.KEY PERFORMANCE AREAS PLANNED TARGETS VS ACTUAL RESULTS FOR THE 2018/2019 FINANCIAL YEAR

2018/19 FINANCIAL YEAR					
Key Performance Area	Planned KPI	Reported	Achieved	Not Achieved	Percentage
Basic Services Delivery	13	13	6	7	46%
Community and Social development	9	9	3	6	33%
Local Economic Development	10	10	4	6	40%
Institutional Development and Financial Management	23	23	15	8	65%
Good Governance and Public Participation	8	8	5	3	62%
Human Settlement	3	0	0	0	0
Total	66	63	33	30	50%

NATIONAL KEY PERFORMANCE INDICATORS

6.1. Municipal Transformation and Institutional Development

Indicator	2016/17	2017/18	2018/19
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	0	0	4
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	1% Budget – R750 000, Actual – R711 199.63	1 % R 628 000 Actual R2098 Reason delay in appointment of service provider for CPMD training	0.25%

6.2. Basic Service Delivery and Infrastructure Development

Indicator	2016/17	2017/18	2018/19
The percentage of households earning less than 2 x social grant plus 25% per month with access to free basic services	31%	37%	27.2%
The percentage of households with access to basic level of water	26%	29%	27.2%
The percentage of households with access to basic level of sanitation	26%	27%	25.10%
The percentage of households with access to basic level of electricity	33%	32%	9.39%
The percentage of households with access to basic level of solid waste removal	31%	38%	44%

6.3. Local Economic Development

Indicator	2016/17	2017/18	2018/19
The number of jobs created through municipality's local economic development initiatives including capital projects	250	LED Initiatives CWP – 1000, EPW-150, Capital and Infrastructure development 100 Total- R1250	CWP 1000,EPWP 128

6.4. Municipal Financial Viability and Management

Indicator	2016/17	2017/18	2018/19
Debt coverage ((Total operating revenue - operating grants received) /Debt service payments due within the year)	45%	59%	56
Service debtors to revenue (Total outstanding service debtors / Annual revenue received for services)	78%	68%	96%
Cost coverage ((Available cash + investments) / Monthly fixed operating expenditure)	87%	83%	0.96
Debt to revenue ratio- Debt to Revenue as at 30 June 2019(Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	N/A	N/A	11%

6.5. Good Governance and public Participation

Indicator	2016/17	2017/18	2018/19
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	53%	93%	29%